

TSANTSABANE

MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS
30 JUNE 2013

TSANTSABANE MUNICIPALITY

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TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Tsantsabane Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Tsantsabane Municipality includes the following areas:

*Jenn Haven
Beeshoek
Groenwater
Skeifontein
Loatla
Glosam*

MUNICIPAL MANAGER

Mr G Lategan (Acting)

CHIEF FINANCIAL OFFICER

Mr I.C. Nkadimang (Acting)

REGISTERED OFFICE

*13 Springbok street
POSTMASBURG
8420*

*P.O.Box 5
POSTMASBURG
8420*

AUDITORS

*Auditor General
Northern Cape*

PRINCIPLE BANKERS

*ABSA BANK
11 Springbok street
POSTMASBURG
8420*

*Branch Code: 334302
Acc No: 2130000021*

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALGBC Leave Regulations

TSANTSABANE MUNICIPALITY

MEMBERS OF THE TSANTSABANE MUNICIPALITY

WARD

1 Ward Councillor
2 Ward Councillor
3 Ward Councillor
4 PR Councillor
5 Ward Councillor
6 Ward Councillor
PR councillor
PR Councillor
PR councillor
PR councillor
Mayor

COUNCILLOR

M. Oliphant
M.J. Tonyane
O. Kgoronyane
T.P. Phohle
J.J. Swart
M.C. Mashilishili
J. Rooiland
N.R. Pullers
S.R. Browne
O.M. Mabilo
E.E.J. Phete

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

Mr G Lategan (Acting)
Municipal Manager

30 August 2013

Date

TSANTSABANE MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Notes	2013 R	2012 R
NET ASSETS AND LIABILITIES			
Net Assets		644 006 494	640 062 744
Accumulated Surplus/(Deficit)		644 006 494	640 062 744
Non-Current Liabilities		16 747 457	14 667 961
Long-term Liabilities	2	1 721 986	2 538 157
Employee benefits	3	12 772 192	10 685 154
Non-Current Provisions	4	2 253 280	1 444 650
Current Liabilities		78 249 605	67 016 595
Consumer Deposits	5	1 383 452	841 190
Current Employee benefits	6	5 311 738	5 047 427
Provisions	7	1 417 450	1 477 950
Payables from exchange transactions	8	30 645 151	28 920 439
Unspent Conditional Government Grants and Receipts	9	21 473 972	18 932 368
Taxes	10	5 486 676	729 821
Cash and Cash Equivalents	18	12 009 588	10 075 269
Current Portion of Long-term Liabilities	2	521 580	992 131
Total Net Assets and Liabilities		739 003 557	721 747 300
ASSETS			
Non-Current Assets		695 543 356	684 804 157
Property, Plant and Equipment	11	688 497 473	677 671 114
Investment Property	12	6 292 595	6 426 655
Intangible Assets	13	753 288	706 388
Current Assets		43 460 200	36 943 143
Inventory	14	575 453	967 155
Receivables from exchange transactions	15	2 336 582	1 778 022
Receivables from non-exchange transactions	16	13 848 738	13 672 762
Unpaid Conditional Government Grants and Receipts	9	2 986 037	-
Operating Lease Asset	17	49 765	24 883
Cash and Cash Equivalents	18	23 663 626	20 500 322
Total Assets		739 003 557	721 747 300

TSANTSABANE MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		85 684 365	277 831 558	(60 000)	277 891 558
Taxation Revenue		10 546 269	6 040 253	(60 000)	6 100 253
Property taxes	19	10 546 269	6 040 253	(60 000)	6 100 253
Transfer Revenue		51 203 977	88 515 828	-	88 515 828
Government Grants and Subsidies	20	51 203 977	88 515 828	-	88 515 828
Other Revenue		23 934 119	183 275 477	-	183 275 477
Contributed PPE	21	23 778 505	183 192 489	-	183 192 489
Fines		155 614	82 987	-	82 987
Revenue from Exchange Transactions		76 177 844	45 727 989	(28 424 555)	74 152 544
Service Charges	22	70 717 411	41 506 455	(27 984 555)	69 491 010
Rental of Facilities and Equipment		301 917	478 282	-	478 282
Interest Earned - external investments		1 638 882	1 162 282	-	1 162 282
Interest Earned - outstanding debtors		1 519 498	-	-	-
Licences and Permits		821 369	873 648	-	873 648
Agency Services		677 964	590 806	-	590 806
Other Income	23	500 803	884 307	(440 000)	1 324 307
Gain on disposal of Property, Plant and Equipment		-	232 210	-	232 210
Total Revenue		161 862 209	323 559 547	(28 484 555)	352 044 102
EXPENDITURE					
Employee related costs	24	43 298 402	35 733 550	-	35 733 550
Remuneration of Councillors	25	2 603 167	2 286 408	-	2 286 408
Debt Impairment	26	22 607 403	7 658 264	(26 851 326)	34 509 590
Depreciation and Amortisation	27	33 896 182	27 010 106	-	27 010 106
Impairments	28	99 443	638	-	638
Repairs and Maintenance		2 092 920	1 637 420	-	1 637 420
Actuarial losses	3	1 003 126	2 005 247	-	2 005 247
Finance Charges	29	3 387 254	2 797 199	-	2 797 199
Bulk Purchases	30	28 580 234	23 576 168	-	23 576 168
Operating Grant Expenditure		5 331 627	5 388 369	(2 582)	5 390 951
General Expenses	31	14 986 851	9 507 299	(297 358)	9 804 657
Loss on disposal of Property, Plant and Equipment		31 851	-	-	-
Total Expenditure		157 918 459	117 600 668	(27 151 266)	144 751 935
NET SURPLUS/(DEFICIT) FOR THE YEAR		3 943 750	205 958 879	(1 333 288)	207 292 167

TSANTSABANE MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 30 JUNE 2010	434 084 875	434 084 875
Correction of error - Refer to note 32.07	18 990	18 990
Restated Balance at 1 JULY 2010	434 103 865	434 103 865
Net Surplus / (Deficit) previously reported	207 292 167	207 292 167
Correction of error - Refer to note 33	(1 333 288)	(1 333 288)
Balance at 30 JUNE 2011	640 062 744	640 062 744
Net Surplus for the year	3 943 750	3 943 750
Balance at 30 JUNE 2012	644 006 494	644 006 494

TSANTSABANE MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		88 470 334	224 890 371
Government Grants and Subsidies		51 203 977	88 515 828
Interest		3 158 380	1 162 282
Payments			
Suppliers and employees		(117 241 849)	(257 949 434)
Finance charges	29	(3 387 254)	(2 797 199)
Cash generated by operations	34	22 203 588	53 821 849
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	11	(19 998 703)	(48 504 004)
Proceeds on Disposal of Fixed Assets		119 438	304 210
Purchase of Intangible Assets		(350 877)	(14 445)
Net Cash from Investing Activities		(20 230 142)	(48 214 240)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(1 286 723)	98 225
Increase / (Decrease) in Consumer Deposits		542 261	325 679
Net Cash from Financing Activities		(744 461)	423 904
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 228 985	6 031 513
Cash and Cash Equivalents at the beginning of the year		10 425 053	4 393 541
Cash and Cash Equivalents at the end of the year	18	11 654 038	10 425 053
NET INCREASE IN CASH AND CASH EQUIVALENTS		1 228 985	6 031 512

TSANTSABANE MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	2 750	-	2 750	
Call investment deposits	23 660 875	13 395 390	10 265 485	
Consumer debtors	1 826 742	140 362 576	(138 535 834)	
Other Receivables	17 394 380	-	17 394 380	
Current portion of long-term receivables	-	-	-	
Inventory	575 453	-	575 453	
Total current assets	43 460 200	153 757 966	(110 297 766)	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	6 292 595	-	6 292 595	
Property, plant and equipment	688 497 473	575 043 454	113 454 019	
Biological Assets	-	-	-	
Intangible Assets	753 288	-	753 288	
Heritage Assets	-	-	-	
Total non current assets	695 543 356	575 043 454	120 499 902	
TOTAL ASSETS	739 003 557	728 801 420	10 202 137	
LIABILITIES				
Current liabilities				
Bank overdraft	12 009 588	-	12 009 588	
Borrowing	521 580	-	521 580	
Consumer deposits	1 383 452	-	1 383 452	
Trade and other payables	57 605 798	22 648 500	34 957 298	
Provisions and Employee Benefits	6 729 188	-	6 729 188	
Total current liabilities	78 249 605	22 648 500	55 601 105	
Non current liabilities				
Borrowing	1 721 986	6 500 000	(4 778 014)	
Provisions and Employee Benefits	15 025 472	-	15 025 472	
Total non current liabilities	16 747 457	6 500 000	10 247 457	
TOTAL LIABILITIES	94 997 062	29 148 500	65 848 562	
NET ASSETS	644 006 495	699 652 920	(55 646 426)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	644 006 494	809 657 142	(165 650 648)	
Reserves	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	644 006 494	809 657 142	(165 650 648)	

TSANTSABANE MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	-	-	-	
Call investment deposits	13 395 390	-	13 395 390	
Consumer debtors	128 362 576	12 000 000	140 362 576	
Other Receivables	-	-	-	
Current portion of long-term receivables	-	-	-	
Inventory	-	-	-	
Total current assets	<u>141 757 966</u>	<u>12 000 000</u>	<u>153 757 966</u>	
Non current assets				
Long-term receivables	-	-	-	
Investments	-	-	-	
Investment property	-	-	-	
Property, plant and equipment	585 243 454	(10 200 000)	575 043 454	
Biological Assets	-	-	-	
Intangible Assets	-	-	-	
Heritage Assets	-	-	-	
Total non current assets	<u>585 243 454</u>	<u>(10 200 000)</u>	<u>575 043 454</u>	
TOTAL ASSETS	<u><u>727 001 420</u></u>	<u><u>1 800 000</u></u>	<u><u>728 801 420</u></u>	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	-	-	-	
Consumer deposits	-	-	-	
Trade and other payables	17 648 500	5 000 000	22 648 500	
Provisions and Employee Benefits	-	-	-	
Total current liabilities	<u>17 648 500</u>	<u>5 000 000</u>	<u>22 648 500</u>	
Non current liabilities				
Borrowing	6 500 000	-	6 500 000	
Provisions and Employee Benefits	-	-	-	
Total non current liabilities	<u>6 500 000</u>	<u>-</u>	<u>6 500 000</u>	
TOTAL LIABILITIES	<u><u>24 148 500</u></u>	<u><u>5 000 000</u></u>	<u><u>29 148 500</u></u>	
NET ASSETS	<u><u>702 852 920</u></u>	<u><u>(3 200 000)</u></u>	<u><u>699 652 920</u></u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	809 657 142	-	809 657 142	
Reserves	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY	<u><u>809 657 142</u></u>	<u><u>-</u></u>	<u><u>809 657 142</u></u>	

TSANTSABANE MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	10 546 269	11 997 205	(1 450 936)	
Property rates - penalties & collection charges	-	-	-	
Service charges	70 717 411	50 268 428	20 448 982	Additional service charges of new houses from Kumba.
Rental of facilities and equipment	301 917	1 082 000	(780 083)	
Interest earned - external investments	1 638 882	288 000	1 350 882	Interest received from guarantees.
Interest earned - outstanding debtors	1 519 498	-	1 519 498	
Dividends received	-	-	-	
Fines	155 614	260 000	(104 386)	
Licences and permits	821 369	321 000	500 369	Due to inflow of people and mining activities.
Agency services	677 964	53 500	624 464	Conservative with budget income.
Government Grants and Subsidies - Operating	51 203 977	47 793 000	3 410 977	
Other revenue	24 279 308	1 900 465	22 378 843	
Gains on disposal of PPE	-	7 000 000	(7 000 000)	
Total Operating Revenue	161 862 209	120 963 598	40 898 611	
EXPENDITURE BY TYPE				
Employee related costs	43 298 402	45 993 160	(2 694 758)	
Remuneration of councillors	2 603 167	2 169 000	434 167	
Debt impairment	22 607 403	11 289 000	11 318 403	Debt collection not fully functional.
Depreciation & asset impairment	33 995 624	34 710 733	(715 109)	
Finance charges	3 387 254	6 920 000	(3 532 746)	
Bulk purchases	28 580 234	31 330 000	(2 749 766)	
Other materials	-	-	-	
Contracted services	-	-	-	
Grants and subsidies paid	5 331 627	-	5 331 627	
Other expenditure	18 082 898	42 371 910	(24 289 013)	Contracted expenditure budgeted for in general expenditure.
Loss on disposal of PPE	31 851	-	31 851	
Total Operating Expenditure	157 918 459	174 783 803	(16 865 344)	
Operating Surplus/(Deficit) for the year	3 943 750	(53 820 205)	57 763 955	
Government Grants and Subsidies - Capital	-	-	-	
Net Surplus/(Deficit) for the year	3 943 750	(53 820 205)	57 763 955	

TSANTSABANE MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R	2013 R	2013 R	2013 R	2013 R	
	(Approved Budget)	(Adjustments)	(Final Budget)	Final Virements	(Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	11 997 205	-	11 997 205	-	11 997 205	
Property rates - penalties & collection charges	-	-	-	-	-	
Service charges	41 025 973	9 242 455	50 268 428	-	50 268 428	
Rental of facilities and equipment	1 082 000	-	1 082 000	-	1 082 000	
Interest earned - external investments	238 000	50 000	288 000	-	288 000	
Interest earned - outstanding debtors	-	-	-	-	-	
Dividends received	-	-	-	-	-	
Fines	260 000	-	260 000	-	260 000	
Licences and permits	321 000	-	321 000	-	321 000	
Agency services	53 500	-	53 500	-	53 500	
Government Grants and Subsidies - Operating	42 493 000	5 300 000	47 793 000	-	47 793 000	
Other revenue	1 000 465	900 000	1 900 465	-	1 900 465	
Gains on disposal of PPE	7 000 000	-	7 000 000	-	7 000 000	
Total Operating Revenue	105 471 143	15 492 455	120 963 598	-	120 963 598	
EXPENDITURE BY TYPE						
Employee related costs	45 993 160	-	45 993 160	-	45 993 160	
Remuneration of councillors	769 000	1 400 000	2 169 000	-	2 169 000	
Debt impairment	11 289 000	-	11 289 000	-	11 289 000	
Depreciation & asset impairment	24 510 733	10 200 000	34 710 733	-	34 710 733	
Finance charges	18 920 000	(12 000 000)	6 920 000	-	6 920 000	
Bulk purchases	22 180 000	9 150 000	31 330 000	-	31 330 000	
Other materials	-	-	-	-	-	
Contracted services	-	-	-	-	-	
Grants and subsidies paid	-	-	-	-	-	
Other expenditure	37 656 910	4 715 000	42 371 910	-	42 371 910	
Loss on disposal of PPE	-	-	-	-	-	
Total Operating Expenditure	161 318 803	13 465 000	174 783 803	-	174 783 803	
Operating Surplus/(Deficit) for the year	(55 847 660)	2 027 455	(53 820 205)	-	(53 820 205)	
Government Grants and Subsidies - Capital	-	-	-	-	-	
Net Surplus/(Deficit) for the year	(55 847 660)	2 027 455	(53 820 205)	-	(53 820 205)	

TSANTSABANE MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	88 470 334	61 144 628	27 325 706	
Government - operating	33 599 696	42 493 015	(8 893 319)	
Government - capital	17 604 281	-	17 604 281	
Interest	3 158 380	237 600	2 920 780	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(117 241 849)	(270 495 300)	153 253 451	
Finance charges	(3 387 254)	(18 920 252)	15 532 999	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	<u>22 203 588</u>	<u>-185 540 310</u>	<u>-</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	119 438	7 000 000	(6 880 562)	
Decrease/(increase) in non-current receivables	-	1 495 000	(1 495 000)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(20 349 580)	(52 897 180)	32 547 600	
NET CASH FROM/(USED) INVESTING ACTIVITIES	<u>-20 230 142</u>	<u>(44 402 180)</u>	<u>24 172 038</u>	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	(2 100 000)	2 100 000	
Increase/(decrease) in consumer deposits	542 261	-	542 261	
Payments				
Repayment of borrowing	(1 286 723)	5 694 000	(6 980 723)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	<u>-744 461</u>	<u>3 594 000</u>	<u>-4 338 461</u>	
NET INCREASE/(DECREASE) IN CASH HELD	1 228 985	(226 348 490)	19 833 576	
Cash and Cash Equivalents at the beginning of the year	10 425 053	12 922 029	(2 496 976)	
Cash and Cash Equivalents at the end of the year	11 654 038	(213 426 461)	225 080 498	

TSANTSABANE MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	61 144 628	-	61 144 628	
Government - operating	42 493 015	-	42 493 015	
Government - capital	-	-	-	
Interest	237 600	-	237 600	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(270 495 300)	-	(270 495 300)	
Finance charges	(18 920 252)	-	(18 920 252)	
Transfers and Grants	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	-185 540 310	-	-185 540 310	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	7 000 000	-	7 000 000	
Decrease/(increase) in non-current receivables	1 495 000	-	1 495 000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(52 897 180)	-	(52 897 180)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(44 402 180)	-	(44 402 180)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	(2 100 000)	-	(2 100 000)	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	5 694 000	-	5 694 000	
NET CASH FROM/(USED) FINANCING ACTIVITIES	3 594 000	-	3 594 000	
NET INCREASE/(DECREASE) IN CASH HELD	(226 348 490)	-	(226 348 490)	
Cash and Cash Equivalents at the beginning of the year	12 922 029	-	12 922 029	
Cash and Cash Equivalents at the end of the year	(213 426 461)	-	(213 426 461)	

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value

	Cost Work-In-Progress					Accumulated Depreciation				Carrying Value
	Opening Balance R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R		R
Land and Buildings	56 848 256	1 791 826	-	-	58 640 082	1 899 327	1 152 383	-	3 051 710	55 588 373
Land and Buildings	52 825 132	411 893	-	-	53 237 025	1 114 482	472 909	-	1 587 391	51 649 634
Landfill Sites	4 023 124	1 379 933	-	-	5 403 057	784 845	679 473	-	1 464 319	3 938 738
Infrastructure	695 020 936	38 197 299	-	-	733 218 235	81 009 244	29 582 686	-	110 591 931	622 626 304
Stormwater and Roads	374 553 118	14 506 940	-	-	389 060 058	48 885 723	15 677 107	-	64 562 830	324 497 228
Sewerage	137 418 075	13 279 677	-	-	150 697 751	15 401 436	6 513 041	-	21 914 476	128 783 275
Electricity	95 938 639	91 356	-	-	96 029 995	8 780 220	3 954 621	-	12 734 842	83 295 153
Water	77 113 645	4 560 466	-	-	81 674 111	7 941 865	3 437 917	-	11 379 782	70 294 329
Buildings	1 749 617	86 728	-	-	1 836 345	-	-	-	-	1 836 345
Work-In-Progress	8 247 842	5 672 133	-	-	13 919 974	-	-	-	-	13 919 974
Lease Assets	1 680 756	10 137	-	-	1 690 893	953 929	383 400	-	1 337 328	353 565
Office Equipment & Vehicles	1 680 756	10 137	-	-	1 690 893	953 929	383 400	-	1 337 328	353 565
Other Assets	17 793 882	4 535 971	-	-1 317 029	21 012 824	9 810 215	2 439 119	-1 165 741	11 083 593	9 929 231
Office Equipment	3 687 204	362 643	-	-229 029	3 820 817	2 506 908	417 083	-224 348	2 699 643	1 121 174
Furniture & Fittings	2 043 036	38 948	-	-	2 081 983	1 023 935	227 673	-	1 251 608	830 375
Plant and Equipment	4 498 853	17 371	-	-155 000	4 361 224	2 661 444	448 952	-149 449	2 960 947	1 400 278
Motor vehicles	7 433 045	4 115 908	-	-933 000	10 615 953	3 569 366	1 330 961	-791 944	4 108 382	6 507 571
Emergency equipment	75 660	1 102	-	-	76 762	42 983	7 862	-	50 845	25 917
Other	56 085	-	-	-	56 085	5 579	6 589	-	12 168	43 917
	771 343 830	44 535 234	-	-1 317 029	814 562 034	93 672 715	33 557 588	-1 165 741	126 064 562	688 497 473

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

30 JUNE 2012

Reconciliation of Carrying Value

Reconciliation of Carrying Value	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Work-In-Progress	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R
Land and Buildings	52 827 813	4 092 443	-	-72 000	56 848 256	1 525 913	373 414	-	1 899 327	54 948 929
Land and Buildings	51 543 420	1 353 713	-	-72 000	52 825 132	792 908	321 573	-	1 114 482	51 710 651
Landfill Sites	1 284 394	2 738 730	-	-	4 023 124	733 005	51 840	-	784 845	3 238 279
Infrastructure	470 535 774	224 485 162	-	-	695 020 936	56 592 422	24 416 822	-	81 009 244	614 011 691
Stormwater and Roads	270 392 653	90 713 392	13 447 074	-	374 553 118	35 122 978	13 762 746	-	48 885 723	325 667 395
Sewerage	75 865 591	51 686 008	9 866 476	-	137 418 075	10 835 983	4 565 453	-	15 401 436	122 016 639
Electricity	43 074 055	51 875 846	988 738	-	95 938 639	5 724 369	3 055 852	-	8 780 220	87 158 418
Water	49 669 774	24 389 876	3 053 994	-	77 113 645	4 909 093	3 032 772	-	7 941 865	69 171 780
Buildings	-	633 569	1 116 048	-	1 749 617	-	-	-	-	1 749 617
Work-In-Progress	31 533 701	5 186 470	-28 472 330	-	8 247 842	-	-	-	-	8 247 842
Lease Assets	1 255 054	425 702	-	-	1 680 756	554 271	399 658	-	953 929	726 827
Office Equipment & Vehicles	1 255 054	425 702	-	-	1 680 756	554 271	399 658	-	953 929	726 827
Other Assets	14 989 595	2 804 287	-	-	17 793 882	8 344 498	1 465 717	-	9 810 215	7 983 667
Office Equipment	3 668 316	18 889	-	-	3 687 204	2 119 746	387 162	-	2 506 908	1 180 296
Furniture & Fittings	2 037 275	5 761	-	-	2 043 036	830 525	193 411	-	1 023 935	1 019 100
Plant and Equipment	4 451 745	47 108	-	-	4 498 853	2 279 296	382 148	-	2 661 444	1 837 409
Motor vehicles	4 739 000	2 694 045	-	-	7 433 045	3 074 450	494 915	-	3 569 366	3 863 679
Emergency equipment	75 660	-	-	-	75 660	36 215	6 768	-	42 983	32 677
Other	17 600	38 485	-	-	56 085	4 267	1 312	-	5 579	50 506
	539 608 236	231 807 594	-	-72 000	771 343 830	67 017 105	26 655 610	-	93 672 715	677 671 114

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2

LONG-TERM LIABILITIES

	2013 R	2012 R
Annuity Loans - At amortised cost	1 845 946	2 711 137
Capitalised Lease Liability - At amortised cost	397 619	819 151
	2 243 565	3 530 288
Current Portion Transferred to Current Liabilities	521 580	992 131
Annuity Loans - At amortised cost	427 680	530 051
Capitalised Lease Liability - At amortised cost	93 900	462 080
Total Long-term Liabilities - At amortised cost using the effective interest rate method	1 721 986	2 538 157

Refer below for maturity dates of long term liabilities:

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

		Minimum annuity payments
Payable within one year	512 041	654 268
Payable within two to five years	1 536 124	2 420 019
Payable after five years	-	-
	2 048 165	3 074 286
Less: Future finance charge obligations	202 219	363 149
Present value of annuity obligations	1 845 946	2 711 137

Annuity loans at amortised cost is calculated at 5% interest rate, with a maturity date of 30 June 2017.
Arrear payments interest is calculated at 7% accrued monthly.

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

		Minimum lease payments
Payable within one year	129 952	487 859
Payable within two to five years	350 079	471 711
Payable after five years	-	-
	480 031	959 570
Less: Future finance charge obligations	82 412	140 420
Present value of lease obligations	397 619	819 150

Leases are secured by property, plant and equipment - Note 11

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
ITEC	ITEC B420 Digital Copier	9%	0%	5 Years	Matured
	Bizhub 163	9%	0%	5 Years	Matured
	Bizhub 163	9%	0%	5 Years	Matured
	Laser Jet 9040 MFP 40PPM Fastres 1200	9%	0%	5 Years	1-Jul-2013
Panasonic	Panasonic KX-TDA100SA IP PABX System	9%	0%	5 Years	Matured
Nashua	Nashua - D1425 folder inserter machine	9%	0%	5 Years	30-Apr-2017
Telkom SA	PABX System	9%	0%	5 Years	31-Mar-2017
Xerox	WC3550	8.5%	0%	3 Years	31-Aug-2015

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
3 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 3.1	11 122 415	9 138 451
Long Service Awards - Refer to Note 3.2	1 649 777	1 546 703
Total Non-current Employee Benefit Liabilities	12 772 192	10 685 154
<u>Post Retirement Benefits</u>		
Balance 1 July	9 716 307	7 118 930
Current service cost	577 856	421 862
Interest Cost	748 529	601 294
Expenditure for the year	(352 992)	(268 980)
Actuarial Loss/(Gain)	844 651	1 843 201
Total post retirement benefits 30 June	11 534 351	9 716 307
<u>Less:</u> Transfer of Current Portion - Note 6	(411 936)	(577 856)
Balance 30 June	11 122 415	9 138 451
<u>Long Service Awards</u>		
Balance 1 July	1 719 753	1 379 847
Current service cost	173 050	200 992
Interest Cost	110 210	102 080
Expenditure for the year	(49 893)	(125 212)
Actuarial Loss/(Gain)	158 475	162 046
Total long service 30 June	2 111 595	1 719 753
<u>Less:</u> Transfer of Current Portion - Note 6	(461 818)	(173 050)
Balance 30 June	1 649 777	1 546 703
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
Balance 1 July	11 436 060	8 498 777
Contribution for the year	750 906	622 854
Interest cost	858 739	703 374
Expenditure for the year	(402 885)	(394 192)
Actuarial Loss/(Gain)	1 003 126	2 005 247
Total employee benefits 30 June	13 645 946	11 436 060
<u>Less:</u> Transfer of Current Portion - Note 6	(873 754)	(750 906)
Balance 30 June	12 772 192	10 685 154
3.1 Post Retirement Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	61	66
In-service (employee) non-members	150	59
Continuation members (e.g. Retirees, widows, orphans)	14	13
Total Members	225	138

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

EMPLOYEE BENEFITS (CONTINUE)

The liability in respect of past service has been estimated to be as follows:

	2013 R	2012 R
In-service members	7 048 345	5 792 796
Continuation members	4 486 006	3 923 511
Total Liability	11 534 351	9 716 307

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R
Total Liability	7 118 930	6 129 637

Experience adjustments were calculated as follows:

	2013 Rm	2012 Rm
Liabilities: (Gain) / loss	0.992	3.228
Assets: Gain / (loss)	-	-

The municipality performed their first actuarial valuation on 30 June 2011. Thus there are no experience adjustment figures available on or before 30 June 2011 to fully comply with GRAP 25

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
LA Health
Samwumed; and
Keyhealth.

Key actuarial assumptions used:

i) **Rate of interest**

Discount rate	9.03%	7.84%
Health Care Cost Inflation Rate	7.97%	7.04%
Net Effective Discount Rate	0.98%	0.75%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) **Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) **Normal retirement age**

It has been assumed that in-service members will retire at age 65, which then implicitly allows for expected rates of early and ill-health retirement.

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	11 122 415	9 138 451
Total Liability	11 122 415	9 138 451

The fund is wholly unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	9 716 307	7 118 930
Total expenses	973 393	754 176
Current service cost	577 856	421 862
Interest Cost	748 529	601 294
Benefits Paid	(352 992)	(268 980)
Actuarial (gains)/losses	844 651	1 843 201
Present value of fund obligation at the end of the year	11 534 351	9 716 307
Less: Transfer of Current Portion - Note 6	(411 936)	(577 856)
Balance 30 June	11 122 415	9 138 451

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability

Assumption		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions					
The effect of movements in the assumptions are as follows:		7.048	4.486	11.534	
Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	8.297	4.882	13.180	14%
Health care inflation	-1%	5.932	4.135	10.066	-13%
Post-retirement mortality	-1 year	7.314	4.689	12.003	4%
Average retirement age	-1 year	7.735	4.486	12.221	6%
Withdrawal Rate	-50%	7.690	4.486	12.176	6%
Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		577 900	748 500	1 326 400	
Health care inflation	1%	663 300	845 000	1 508 300	14%
Health care inflation	-1%	496 500	659 800	1 156 300	-13%
Post-retirement mortality	-1 year	599 300	779 900	1 379 200	4%
Average retirement age	-1 year	655 100	798 700	1 453 800	10%
Withdrawal Rate	-50%	655 100	798 700	1 453 800	10%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

	2013	2012
	121	141

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.02%	6.50%
General Salary Inflation (long-term)	6.62%	5.97%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.37%	0.50%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

	2013 R	2012 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 649 777	1 546 703
Net liability	1 649 777	1 546 703

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2011 R	2010 R
Total Liability	1 379 847	1 146 784

	2013 R	2012 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	145 083	53 055
Assets: Gain / (loss)	-	-

The municipality performed their first actuarial valuation on 30 June 2011. Thus there are no experience adjustment figures available on or before 30 June 2011 to fully comply with GRAP 25

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

EMPLOYEE BENEFITS (CONTINUE)

Reconciliation of present value of fund obligation:

	2013 R	2012 R
Present value of fund obligation at the beginning of the year	1 719 753	1 379 847
Total expenses	233 367	177 860
Current service cost	173 050	200 992
Interest Cost	110 210	102 080
Benefits Paid	(49 893)	(125 212)
Actuarial (gains)/losses	158 475	162 046
Present value of fund obligation at the end of the year	2 111 595	1 719 753
Less: Transfer of Current Portion - Note 6	(461 818)	(173 050)
Balance 30 June	1 649 777	1 546 703

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		2.112	
General salary inflation	+1%	2.246	6%
General salary inflation	-1%	1.991	-6%
Average retirement age	-2 yrs	1.982	-6%
Average retirement age	+2 yrs	2.316	10%
Withdrawal rates	-50%	2.452	16%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		173 100	110 200	283 300	
General salary inflation	1%	188 200	118 100	306 300	8%
General salary inflation	-1%	159 700	103 100	262 800	-7%
Average retirement age	-2 years	162 800	102 100	264 900	-6%
Average retirement age	-2 years	185 500	122 500	308 000	9%
Withdrawal Rate	-50%	226 800	130 600	357 400	26%

3.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in the principles of GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

CAPE JOINT PENSION FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in an sound financial position with a funding level of 99.4% (30 June 2011 - 98.1%). Actuarial valuations also determined that there were a shortfall in the investment return for the 30 June 2011 financial year.

Contributions paid recognised in the Statement of Financial Performance	54 944	42 238
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CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108% (30 June 2010 - 100.3%).

Contributions paid recognised in the Statement of Financial Performance	27 810	25 439
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TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

EMPLOYEE BENEFITS (CONTINUE)

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

	2013 R	2012 R
IMATU Pension Fund	1 439 445	1 204 984
Municipal Councillors Pension Fund	4 834	56 399
SALA Pension Fund	833 484	542 167
SAMWU National Provident Fund	1 040 260	1 014 150
	3 318 023	2 817 700

4

NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites

Total Non-current Employee Benefit Liabilities

	2013 R	2012 R
Provision for Rehabilitation of Landfill-sites	3 670 729	2 922 600
Total Non-current Employee Benefit Liabilities	3 670 729	2 922 600

Landfill Sites

Balance 1 July	2 922 600	2 677 619
Additions	747 889	111 100
Unwinding of discounted interest	240	133 881
Total provision 30 June	3 670 729	2 922 600
Less: Transfer of Current Portion to Current Provisions - Note 7	(1 417 450)	(1 477 950)
Balance 30 June	2 253 280	1 444 650

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Postmasburg Old Cell	Postmasburg New Cell	Jenn Haven
Area (m²)	31 650	11 105	11 300
Rehabilitation volume (m³)	47 475	27 763	22 600
Engineering Design (14%)	124 436	105 490	121 592
Fencing of new cell	-	225 410	-
Permit the closure of the site (Basic Assessment Process)	269 456	-	269 456
Closure plan	134 728	-	134 728
Earthworks - Shape Landfill	212 663	115 141	129 184
Source capping material (topsoil)	425 326	230 281	516 734
Stormwater cut-off drainage system	35 366	-	12 048
Preliminary and General Items	134 671	114 167	131 593
Contingencies	80 803	68 500	78 956

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

	<u>Estimated decommission date</u>	<u>Cost of rehabilitation at the end of the useful life</u>
<u>Location</u>		
Postmasburg Old Cell	2013	-
Postmasburg New Cell	2015	858 989
Jenn Haven	2023	1 394 291
Total Non-current Provisions		2 253 280

An assumption made in order to obtain the present valuation of the rehabilitation costs have been calculated by taking the future estimated costs and present valuing the cost at a weighted average discount rate.

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
5 CONSUMER DEPOSITS		
Water and Electricity	1 383 452	841 190
Total Consumer Deposits	1 383 452	841 190
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

	2013 R	2012 R
6 CURRENT EMPLOYEE BENEFITS		
Current Portion of Post Retirement Benefits - Note 3	411 936	577 856
Current Portion of Long-Service Provisions - Note 3	461 818	173 050
Staff Leave	3 433 603	2 357 121
Bonuses	987 630	956 506
Compensation for Injury on Duty	16 750	982 894
Total Current Employee Benefits	5 311 738	5 047 427

The movement in current employee benefits are reconciled as follows:

Staff Leave

Balance at beginning of year	2 357 121	2 151 994
Contribution to current portion	1 109 635	307 975
Expenditure incurred	(33 152)	(102 848)
Balance at end of year	3 433 603	2 357 121

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

	2013 R	2012 R
<u>Bonuses</u>		
Balance at beginning of year	956 506	619 743
Contribution to current portion	2 046 844	1 879 866
Expenditure incurred	(2 015 720)	(1 543 103)
Balance at end of year	987 630	956 506

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

Compensation for injuries on duty contribution

Balance at beginning of year	982 894	933 374
Contribution to current portion	34 919	49 520
Expenditure incurred	(1 001 062)	-
Balance at end of year	16 750	982 894

The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities. There is no possibility of reimbursement.

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

7	PROVISIONS	2013	2012
		R	R
	Landfill site - Refer to note 4	1 417 450	1 477 950
	Total Provisions	1 417 450	1 477 950

8	PAYABLES FROM EXCHANGE TRANSACTIONS	2013	2012
		R	R
	Trade Payables	24 978 426	21 940 020
	Balance as previously reported	-	20 717 328
	Transferred from Cash and Cash Equivalents (Stale cheques reversed 2012) - Refer to note 32.01	-	1 221 566
	Transferred from Statement of Financial Performance - Operating Grant Expenditure (Creditor not raised in 2011/2012 - Cheque 11059394) - Refer to note 32.01	-	253
	Transferred from Statement of Financial Performance - Operating Grant Expenditure (Creditor not raised in 2011/2012 - Cheque 11059394) - Refer to note 32.01	-	873
	Sundry Creditors	3 740 736	5 429 672
	Balance as previously reported	-	4 393 977
	Transferred from Cash and Cash Equivalents (Stale cheques reversed 2012) - Refer to note 32.01	-	325 770
	Transferred from Cash and Cash Equivalents (Stale cheques reversed 2012) - Refer to note 32.01	-	120 469
	Transferred from Cash and Cash Equivalents (Stale cheques reversed 2012) - Refer to note 32.01	-	564
	Transferred from Cash and Cash Equivalents (Stale cheques reversed 2012) - Refer to note 32.01	-	37 062
	Transferred from Cash and Cash Equivalents (Stale cheques reversed 2012) - Refer to note 32.01	-	46 460
	Transferred from Cash and Cash Equivalents (Stale cheques reversed 2012) - Refer to note 32.01	-	648
	Transferred from Receivables from non-exchange transactions - Rates (Incorrectly receipted against debtor 010442 001127) - Refer to note 32.01	-	31 500
	Transferred from Statement of Financial Performance - Sundry Income (Cash transferred from the investment held by the bank) - Refer to note 32.01	-	500 000
	Transferred to Accumulated Surplus (Votes written off by council - correction in 2011 financial year) - Refer to note 32.01	-	(26 778)
	Payments received in advance	1 925 989	1 550 748
	Total Trade Payables	30 645 151	28 920 439

Payables are being recognised net of any discounts.

Payables are not being paid within 30 days as prescribed by the MFMA. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and housing Deposits.

The arrear portion of long term liabilities originated as a result of the municipality not settling in full the current portion of the annuity loan as disclosed in note 2.

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS		
Unspent Grants	21 473 972	18 932 368
National Government Grants	15 972 227	13 184 413
Provincial Government Grants	2 020 757	2 547 592
Public Contribution	3 454 980	3 174 355
Other Grant Providers	26 008	26 008
Less: Unpaid Grants	2 986 037	-
National Government Grants	1 985 666	-
Provincial Government Grants	1 000 371	-
Public Contribution	-	-
Other Grant Providers	-	-
Total Conditional Grants and Receipts	18 487 935	18 932 368

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

	2013 R	2012 R
10 TAXES		
VAT PAYABLE		
VAT Payable	5 486 676	729 821
Balance as previously reported	-	878 749
Transferred from Cash and Cash Equivalents (2012 Stale cheques reversed) - Refer to note 32.02	-	396
Transferred from Inventory (Store issues with incorrect unit quantities) - Refer to note 32.02	-	40 607
Transferred to Receivables from Exchange Transactions (Correction of Debtors receipting 2011/12) - Refer to note 32.02	-	(3 953 266)
Transferred from Statement of Financial Performance - Debt Impairment (Correction of Provision for bad debts after correction of debtors receipting in 2011/12) - Refer to note 32.02	-	3 763 336
VAT output in suspense	-	-
Total Vat payable	5 486 676	729 821

VAT is receivable/payable on the cash basis.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 PROPERTY, PLANT AND EQUIPMENT

Assets pledged as security:

No assets are pledged as security.

Third party payments received for losses incurred:

No third party payments were received for the 2012/13 financial year.

Impairment of property plant and equipment for the year

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Landfill Sites	99 443	638
	99 443	638

The change in accounting estimate is due to the change in the remaining useful life of the asset after the conditional assessment of the assets were performed.

	2012 R	2013 R	2014 R
Effect on Property, plant and equipment	2 449 459	(275 819)	-

12 INVESTMENT PROPERTY

Net Carrying amount at 1 July

6 426 655 **6 561 092**

Cost	6 963 610	6 963 610
Accumulated Depreciation	(536 955)	(402 518)
Acquisitions	-	-
Disposals	-	-
Depreciation for the year	(134 060)	(134 437)

Net Carrying amount at 30 June

6 292 595 **6 426 655**

Cost	6 963 610	6 963 610
Accumulated Depreciation	(671 015)	(536 955)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Revenue derived from the rental of investment property	-	-
Operating expenditure incurred on properties generating revenue	-	-
Operating expenditure incurred on properties not generating revenue	-	-

Effect of changes in accounting estimates

The change in accounting estimate is due to the change in the remaining useful life of the asset after the conditional assessment of the assets were performed.

	2012 R	2013 R	2014 R
Effect on Investment Property	(264)	-	-

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
13 INTANGIBLE ASSETS		
Computer Software		
Net Carrying amount at 1 July	706 388	912 640
Cost	1 827 264	1 812 819
Accumulated Amortisation	(1 120 876)	(900 179)
Additions	350 877	14 445
Amortisation	(303 977)	(220 697)
Net Carrying amount at 30 June	753 288	706 388
Cost	2 178 142	1 827 264
Accumulated Amortisation	(1 424 853)	(1 120 876)

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value	
		2013 R	2012 R
Microsoft Office software	23 months	190 563	288 843
Microsoft Office Professional 2010	18 to 41 months	4 916	6 713
Norton Symantex Antivirus Software	18.5 months	332	546
FMS Sebata	13 to 30 months	290 490	410 286
PMS System	27 months	266 987	-

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

Effect of changes in accounting estimates

The change in accounting estimate is due to the change in the remaining useful life of the asset after the conditional assessment of the assets were performed.

	2012 R	2013 R	2014 R
Effect on Intangible Assets	423 989	298	-

	2013 R	2012 R
14 INVENTORY		
Stores, materials and fuels	513 572	885 007
Balance as previously reported	-	554 348
Transferred from Statement of Financial Performance - General Expenses - Motor vehicle expenses (Stores issues with incorrect unit quantities) - Refer to note 32.06	-	290 052
Transferred from Taxes - VAT payable (Stores issues with incorrect unit quantities) - Refer to note 32.06	-	40 607
Water – at cost	61 881	82 148
Total Inventory	575 453	967 155

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surplusses identified during the annual stores counts.

Inventory recognised as an expense during the year

No inventory assets were pledged as security for liabilities.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2013 R	2012 R
Electricity	11 992 465	8 460 125
Water	33 409 374	18 906 633
Balance as previously reported	-	50 844 857
Transferred from Statement of Financial Performance - Service charges (Correction of receipting 2011/2012) - Refer to note 32.04	-	270 348
Transferred to Statement of Financial Performance - Service charges (Correction of receipting 2011/2012) - Refer to note 32.04	-	(9 357)
Transferred to Statement of Financial Performance - Service charges (Correction of receipting 2011/2012) - Refer to note 32.04	-	(8 289)
Transferred to Accumulated Surplus/(Deficit) (Correction of receipting 2010/2011) - Refer to note 32.04	-	(43)
Transferred to Taxes (Correction of receipting 2011/2012 - VAT portion) - Refer to note 32.04	-	(3 953 266)
Transferred to Statement of Financial Performance - Service charges (Correction of receipting 2011/2012) - Refer to note 32.04	-	(28 237 617)
Refuse	11 309 662	9 221 617
Balance as previously reported	-	9 221 736
Transferred to Accumulated Surplus/(Deficit) (Correction of incorrect receipting 2010/2011) - Refer to note 32.04	-	(119)
Sewerage	21 272 729	18 418 965
Balance as previously reported	-	18 419 230
Transferred to Accumulated Surplus/(Deficit) (Correction of incorrect receipting 2010/2011) - Refer to note 32.04	-	(264)
Other	5 200 405	5 250 522
Debtors with credit balances	1 397 456	750 778
Total Receivables from Exchange Transactions	83 184 635	60 257 863
Less: Allowance for Doubtful Debts	(80 848 052)	(58 479 841)
Balance as previously reported	-	(89 124 146)
Transferred to Statement of Financial Performance - Debt Impairment (Correction of provision for bad debts due to correction of 2011/12 receipting) - Refer to note 32.04	-	30 644 305
Total Net Receivables from Exchange Transactions	2 336 582	1 778 022

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	3 165 153	2 365 517
31 - 60 Days	999 714	1 895 470
61 - 90 Days	997 596	701 777
+ 90 Days	6 830 002	3 497 361
Total	11 992 465	8 460 125

(Water): Ageing

Current (0 - 30 days)	2 242 906	9 738 253
31 - 60 Days	1 293 445	565 818
61 - 90 Days	948 803	716 356
+ 90 Days	28 924 219	7 886 206
Total	33 409 374	18 906 633

(Refuse): Ageing

Current (0 - 30 days)	369 193	228 452
31 - 60 Days	284 950	176 780
61 - 90 Days	238 238	147 260
+ 90 Days	10 417 281	8 669 126
Total	11 309 662	9 221 617

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	583 021	497 563
31 - 60 Days	460 269	390 691
61 - 90 Days	396 596	674 524
+ 90 Days	19 832 843	16 856 187
Total	21 272 729	18 418 965
<u>(Other): Ageing</u>		
Current (0 - 30 days)	-	34 476
31 - 60 Days	-	7 773
61 - 90 Days	-	22 653
+ 90 Days	5 200 405	5 185 620
Total	5 200 405	5 250 522
<u>(Total): Ageing</u>		
Current (0 - 30 days)	6 360 273	12 864 261
31 - 60 Days	3 038 378	3 036 532
61 - 90 Days	2 581 233	2 262 570
+ 90 Days	71 204 750	42 094 500
Total	83 184 635	60 257 863
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	58 479 841	52 041 503
Contribution to provision/(Reversal of provision)	22 368 212	6 438 338
Bad Debts Written Off	-	-
Balance at end of year	80 848 053	58 479 841
The Provision for Impairment could be allocated between the different classes of receivables as follows:		
Electricity	10 590 669	7 239 653
Water	32 497 722	18 374 647
Refuse	11 302 116	9 215 126
Sewerage	21 257 141	18 402 345
Other	5 200 405	5 248 070
	80 848 052	58 479 841

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

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RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2013 R	2012 R
Rates	9 864 201	6 875 759
Balance as previously reported	-	6 844 700
Transferred from Payables from exchange Transactions - Sundry Creditors (Incorrectly receipted against debtor 010442 001127) - Refer to note 32.05	-	31 500
Transferred to Accumulated Surplus/(Deficit) (Correction of Receipting in 2010/2011) - Refer to note 32.05	-	(441)
Sundry Debtors	13 830 045	13 656 347
Balance as previously reported	-	13 663 267
Transferred to Accumulated Surplus (Votes written off by council - corrected in 2011 financial year) - Refer to note 32.05	-	(6 920)
Debtors with credit balances	528 533	799 969
Total Receivables from Non-Exchange Transactions	23 694 246	20 532 106
Less: Allowance for Doubtful Debts	(9 845 509)	(6 859 344)
Balance as previously reported	-	(6 829 701)
Transferred to Statement of Financial Performance - Debt Impairment (Correction of provision for bad debts due to correction of 2011/12 receipting) - Refer to note 32.05	-	(29 643)
Total Net Receivables from Non-Exchange Transactions	13 848 738	13 672 762

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)

	2013 R	2012 R
Ageing of Receivables from Non-Exchange Transactions:		
(Rates): Ageing		
Current (0 - 30 days)	309 615	285 952
31 - 60 Days	183 352	176 789
61 - 90 Days	149 671	125 585
+ 90 Days	9 221 563	6 287 433
Total	9 864 201	6 875 759

	2013 R	2012 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	6 859 344	4 848 744
Contribution to provision/(Reversal of provision)	2 986 165	2 010 600
Bad Debts Written Off	-	-
Balance at end of year	9 845 509	6 859 344

The entire provision for bad debts relates to the outstanding rates balance.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

Summary of Receivables by Customer Classification	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2013				
Total Receivables	91 990 832	13 830 045	1 058 004	106 878 881
Less: Provision for doubtful debts	(90 693 561)	-	-	(90 693 561)
Total Recoverable debtors by customer classification	1 297 271	13 830 045	1 058 004	16 185 319

Summary of Receivables by Customer Classification	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2012				
Total Receivables	65 971 704	13 656 347	1 161 917	80 789 968
Less: Provision for doubtful debts	(65 339 185)	-	-	(65 339 185)
Total Recoverable debtors by customer classification	632 519	13 656 347	1 161 917	15 450 783

2013
R

2012
R

17

OPERATING LEASE ARRANGEMENTS

The Municipality as Lessor (Asset)

Balance on 1 July	24 883	-
Movement during the year	24 883	24 883
Balance on 30 June	49 765	24 883

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	69 338	64 500
1 to 5 Years	240 804	224 003
More than 5 Years	414 184	500 322
Total Operating Lease Arrangements	724 325	788 825

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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CASH AND CASH EQUIVALENTS

Assets

	2013 R	2012 R
Call Investments Deposits	23 660 875	20 497 572
Primary Bank Account	-	-
Cash Floats	2 750	2 750
Other Cash and Cash Equivalents	-	-
Total Cash and Cash Equivalents - Assets	23 663 626	20 500 322

Liabilities

Primary Bank Account	12 009 588	10 075 269
Balance as previously reported	-	11 839 577
Transferred to Payables from Exchange Transactions - Sundry Creditors (Stale cheques reversed in 2012) - Refer to note 32.03	-	(120 469)
Transferred to Payables from Exchange Transactions - Trade payables (Stale cheques reversed in 2012) - Refer to note 32.03	-	(1 221 566)
Transferred to Payables from Exchange Transactions - Sundry Creditors (Stale cheques reversed in 2012) - Refer to note 32.03	-	(564)
Transferred to Payables from Exchange Transactions - Sundry Creditors (Stale cheques reversed in 2012) - Refer to note 32.03	-	(37 062)
Transferred to Payables from Exchange Transactions - Sundry Creditors (Stale cheques reversed in 2012) - Refer to note 32.03	-	(46 460)
Transferred to Payables from Exchange Transactions - Sundry Creditors (Stale cheques reversed in 2012) - Refer to note 32.03	-	(648)
Transferred to Payables from Exchange Transactions - Sundry Creditors (Stale cheques reversed in 2012) - Refer to note 32.03	-	(325 770)
Transferred to Taxes - VAT payable (Stale cheques reversed in 2012) - Refer to note 32.03	-	(396)
Transferred to Statement of Financial Performance - General Expenses - Royalties and Licence Fees (Stale cheques reversed in 2012) - Refer to note 32.03	-	(234)
Transferred to Statement of Financial Performance - General Expenses - Travel and Subsistence (Stale cheques reversed in 2012) - Refer to note 32.03	-	(2 753)
Transferred to Statement of Financial Performance - Operating Grant Expenditure (Stale cheques reversed in 2012) - Refer to note 32.03	-	(3 708)
Transferred to Statement of Financial Performance - General Expenses - Travel and Subsistence (Stale cheques reversed in 2012) - Refer to note 32.03	-	(3 224)
Transferred to Statement of Financial Performance - Service Charges - Electricity (Stale cheques reversed in 2012) - Refer to note 32.03	-	(360)
Transferred to Statement of Financial Performance - General Expenses - Travel and Subsistence (Stale cheques reversed in 2012) - Refer to note 32.03	-	(845)
Transferred to Statement of Financial Performance - General Expenses - Other (Stale cheques reversed in 2012) - Refer to note 32.03	-	(250)
Total Cash and Cash Equivalents - Liabilities	12 009 588	10 075 269

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

- The following investments have been pledged as security for liabilities:
- 1st CCMB for R125 000 dated 11/10/2000 is held over Erf 1559, Postmasburg
 - 2nd CCMB for R100 000 dated 19/10/2000 is held over Erf 11, Postmasburg
- The following investments have been pledged or ceded:
- ABSA Fixed Deposit 2062569642
 - ABSA Fixed Deposit 2070317223
 - ABSA Notice Deposit 4084316585

The municipality has the following bank accounts:

Current Accounts

ABSA - Account Number 213-000-00021	(12 009 588)	(10 075 269)
	(12 009 588)	(10 075 269)
ABSA - Account Number 1780000062		
Cash book balance at beginning of year	(10 075 269)	(16 431 380)
Cash book balance at end of year	(12 009 588)	(10 075 269)
Bank statement balance at beginning of year	4 296 708	2 362 098
Bank statement balance at end of year	5 702 285	4 296 708

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	R	R
CASH AND CASH EQUIVALENTS (continued)		
<u>Call Investment Deposits</u>		
Call investment deposits consist out of the following accounts:		
Call Investments Deposits	23 660 875	20 497 572
ABSA Bank Acc No: 20-6256-9642	281 404	281 404
ABSA Bank Acc No: 40-8431-6585	2 197 325	1 375 309
ABSA Bank Acc No: 91-1896-0103	1 906	1 906
ABSA Bank Acc No: 91-4243-0487	2 769 154	1 022 633
ABSA Bank Acc No: 91-4992-3609	1 000	1 045
ABSA Bank Acc No: 91-4992-3764	5 432 609	7 647 024
ABSA Bank Acc No: 91-5766-2037	1 244 176	309 835
ABSA Bank Acc No: 91-9325-6761	1 578	1 578
ABSA Bank Acc No: 91-9997-6220	3 001 285	1 285
ABSA Bank Acc No: 92-6852-8140	1 865	1 000
ABSA Bank Acc No: 20-5952-4576	526 572	513 182
ABSA Bank Acc No: 20-7031-7223	8 200 000	9 336 195
ABSA Bank Acc No: 92-7098-3578	1 000	5 174
ABSA Bank Acc No: 92-7572-2826	1 000	-
	23 660 875	20 497 572

19 PROPERTY TAXES

	2013	2012
	R	R
<u>Actual</u>		
Rateable Land and Buildings	10 546 269	6 041 758
Residential, Commercial Property, State	10 546 269	6 041 758
Less: Rebates	-	(1 506)
Total Assessment Rates	10 546 269	6 040 253
<u>Valuations - 1 JULY 2009</u>		
Rateable Land and Buildings		
Residential	378 707 543	378 707 543
Business & Commercial	90 330 877	90 330 877
Government	40 091 960	40 091 960
Exempt Properties	16 928 361	16 928 361
Agricultural	689 947 000	689 947 000
Commercial	23 288 170	23 288 170
State	1 034 850 550	1 034 850 550
Municipal	55 966 957	55 966 957
Total Assessment Rates	2 330 111 418	2 330 111 418

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.

	c/R	c/R
Rates:		
Residential	0.010900	0.010000
Commercial	0.016350	0.011200
Agricultural	0.001090	0.001000

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 October. Interest is not levied on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

20 GOVERNMENT GRANTS AND SUBSIDIES

	2013	2012
	R	R
Unconditional Grants	25 127 596	15 990 000
Equitable Share	25 127 596	15 990 000
Conditional Grants	26 076 381	72 525 828
Grants and subsidies	26 076 381	72 525 828
Total Government Grants and Subsidies	51 203 977	88 515 828

The municipality does not expect any significant changes to the level of grants.

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
GOVERNMENT GRANTS AND SUBSIDIES (continued)			
Equitable share			
20.01			
	Opening balance	-	-
	Grants received	25 127 596	15 990 000
	Conditions met	(25 127 596)	(15 990 000)
	Conditions still to be met	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.			
Municipal Infrastructure Grant (MIG)			
20.02			
	Opening balance	1 787 596	2 040 388
	Grants utilised against equitable share	(1 787 596)	-
	Grants received	14 420 000	11 888 000
	Conditions met	(9 844 590)	(12 140 792)
	Conditions still to be met	4 575 410	1 787 596
The grant was used to upgrade infrastructure in previously disadvantaged areas.			
Local Government Financial Management Grant (FMG)			
20.03			
	Opening balance	-	41 906
	Grants received	1 500 000	1 450 000
	Conditions met	(2 942 149)	(1 491 906)
	Conditions still to be met	(1 442 149)	-
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).			
Municipal Systems Improvement Grant			
20.04			
	Opening balance	-	(8 257)
	Grants received	800 000	790 000
	Conditions met	(1 343 517)	(781 743)
	Conditions still to be met	(543 517)	-
The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.			
Housing Grants			
20.05			
	Opening balance	50 634	19 528
	Grants received	637 109	31 106
	Conditions met	(707 311)	-
	Grant expenditure to be recovered	(19 569)	50 634
Housing grants was utilised for the development of erven and the erection of top structures.			
Health Grant			
20.06			
	Opening balance	203 951	5 389
	Grants received	-	2 930 574
	Conditions met	(845 806)	(2 732 012)
	Grant expenditure to be recovered	(641 855)	203 951
The grant was used for the development of health related issues in the Postmasburg area.			
Library Grant			
20.07			
	Opening balance	2 293 007	2 038 902
	Grants received	497 000	508 000
	Conditions met	(769 250)	(253 895)
	Grant expenditure to be recovered	2 020 757	2 293 007
The grant was used for the development of libraries in the Postmasburg area.			
Assmang Grant			
20.08			
	Opening balance	-	-
	Grants received	-	9 195 197
	Conditions met	-	(9 195 197)
	Conditions still to be met	-	-
The contribution was used to upgrade infrastructure in previously disadvantaged areas.			

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
GOVERNMENT GRANTS AND SUBSIDIES (continued)			
20.09 Assmang/Kumba Sewerage			
Opening balance		-	-
Grants received		49 577	55 125
Conditions met		-	(55 125)
Conditions still to be met		<u>49 577</u>	<u>-</u>
The contribution was used to upgrade infrastructure in previously disadvantaged areas.			
20.10 Assmang/Kumba SLP			
Opening balance		-	-
Grants received		2 808 932	15 520 793
Conditions met		(2 805 994)	(15 520 793)
Conditions still to be met		<u>2 937</u>	<u>-</u>
The contribution was used to upgrade infrastructure in previously disadvantaged areas.			
20.11 Tsasamba/Kumba			
Opening balance		2 557 843	2 557 843
Grants received		3 684 911	12 189 907
Conditions met		(4 655 496)	(12 189 907)
Conditions still to be met		<u>1 587 258</u>	<u>2 557 843</u>
The contribution was used to upgrade infrastructure in previously disadvantaged areas.			
20.12 Lotto Project			
Opening balance		26 008	26 008
Grants received		-	-
Conditions met		-	-
Conditions still to be met		<u>26 008</u>	<u>26 008</u>
The grant was used for Lotto projects in the Postmasburg area.			
20.13 Kolomela - E Learning (Library)			
Opening balance		-	-
Grants received		1 200 000	-
Conditions met		-	-
Conditions still to be met		<u>1 200 000</u>	<u>-</u>
The contribution was used to upgrade infrastructure in previously disadvantaged areas.			
20.14 Department of Water Affairs (Repairs & Maintenance)			
Opening balance		-	-
Grants received		-	39 927
Conditions met		-	(39 927)
Conditions still to be met		<u>-</u>	<u>-</u>
The grant was used for repairs and maintenance on infrastructure in previously disadvantaged areas.			
20.15 Department of Water Affairs (Infrastructure)			
Opening balance		11 396 817	2 275 977
Grants received		-	26 607 867
Conditions met		-	(17 487 027)
Conditions still to be met		<u>11 396 817</u>	<u>11 396 817</u>
The grant was used to upgrade infrastructure in previously disadvantaged areas.			

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
		R	R
GOVERNMENT GRANTS AND SUBSIDIES (continued)			
EPWP			
20.16	Opening balance	-	-
	Grants received	1 000 000	432 000
	Conditions met	(1 338 947)	(432 000)
	Conditions still to be met	(338 947)	-
The grant was used to promote job creation during the financial year.			
Kolomela (R Beneke)			
20.17	Opening balance	616 512	-
	Grants received	822 016	822 016
	Conditions met	(823 320)	(205 504)
	Conditions still to be met	615 208	616 512
The grant was used to pay for the advisor to the municipality.			
Total Grants			
20.18	Opening balance	18 932 367	8 997 684
	Grants utilised against equitable share	(1 787 596)	-
	Grants received	52 547 139	98 450 512
	Conditions met	(51 203 976)	(88 515 829)
	Conditions still to be met/(Grant expenditure to be recovered)	18 487 934	18 932 367
Disclosed as follows:			
	Unspent Conditional Government Grants and Receipts	21 473 972	18 932 368
	Unpaid Conditional Government Grants and Receipts	(2 986 037)	-
		18 487 935	18 932 368
		2013	2012
		R	R
21	CONTRIBUTED PPE		
	Assmang Beeshoek Mine	20 606 045	810 000
	Kolomela Mine	3 172 460	182 382 489
	Total Contributed PPE	23 778 505	183 192 489
Contributed PPE represents all assets donated to the municipality - refer to note 11 for the inclusion of assets.			
		2013	2012
		R	R
22	SERVICE CHARGES		
	Electricity	38 521 160	28 441 064
	Water	22 414 095	2 483 010
	Sewerage	10 630 317	9 506 989
	Refuse removal	6 665 787	3 642 759
		78 231 359	44 073 823
	Less: Rebates	(7 513 949)	(2 567 368)
	Total Service Charges	70 717 411	41 506 455
		2013	2012
		R	R
23	OTHER INCOME		
	Sundry income	97 420	227 042
	Insurance claims received	8 049	2 329
	Building Plans	93 857	455 081
	General Donations Received	271 200	121 419
	Deposits forfeited	-	54 931
	Grave Fees	30 278	23 505
	Total Other Income	500 803	884 307
Sundry income represents sundry income such as copies, tender deposits and reconnection fees.			

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24

EMPLOYEE RELATED COSTS

	2013 R	2012 R
Salaries and Wages	26 906 447	22 621 318
Bonus	2 053 813	1 879 866
Contributions for UIF, pensions and medical aids	5 775 439	4 162 118
Group Life Insurance	153 592	141 329
Housing Subsidy	90 828	81 432
Industrial Council Contributions	15 263	11 103
Leave Reserve Fund	1 109 634	322 975
Long service awards	173 050	200 992
Overtime	3 463 384	3 309 700
Workmens Compensation	-	49 520
Post Employment Health	577 856	421 862
Skills development levy	17 987	214 783
Travel, motor car, telephone, assistance and other allowances	2 961 108	2 316 552
Total Employee Related Costs	43 298 402	35 733 550

KEY MANAGEMENT PERSONNEL

Municipal Manager and all other Directors are appointed on fixed term contracts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager - (MM Moselane)**

Annual Remuneration	-	425 670
Performance Bonuses	-	-
Car Allowance	-	154 000
Telephone allowance	-	-
Contributions to UIF, Medical and Pension Funds	-	2 846
Total	-	582 516

Remuneration of the Municipal Manager - (G Lategan - Acting - 08/10/2012 to 30/06/2013)

Annual Remuneration	367 083	-
Performance Bonus	-	-
Car Allowance	162 000	-
Telephone allowance	-	-
Contributions to UIF, Medical and Pension Funds	915	-
Total	529 998	-

Remuneration of the Director Technical Services - (BLK Botha - Acting - 01/07/2012 to 07/10/2012)

Annual Remuneration	70 951	190 809
Performance Bonus	-	-
Acting Allowance	118 563	-
Car Allowance	10 860	84 000
Telephone allowance	-	-
Contributions to UIF, Medical and Pension Funds	4 752	773
Total	205 126	275 582

Remuneration of the Director Technical Services - (JP Majiedt - Acting - 08/01/2012 to 30/06/2013)

Annual Remuneration	246 269	-
Performance Bonus	-	-
Acting Allowance	264 851	-
Housing subsidy	6 264	-
Car Allowance	81 660	-
Telephone allowance	-	-
Contributions to UIF, Medical and Pension Funds	20 240	-
Total	619 284	-

Remuneration of the Director Financial Services - (IC Nkadiang - Acting)

Annual Remuneration	288 705	-
Performance Bonus	-	-
Acting Allowance	354 161	-
Housing Allowance	6 786	-
Car Allowance	67 164	-
Telephone allowance	-	-
Contributions to UIF, Medical and Pension Funds	37 763	-
Total	754 579	-

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
EMPLOYEE RELATED COSTS (continued)		
<i>Remuneration of the Director Community Services - (JJ Theys)</i>		
Annual Remuneration	386 103	381 617
Performance Bonuses	-	-
Car Allowance	174 370	168 000
Telephone allowance	-	-
Contributions to UIF, Medical and Pension Funds	29 966	3 267
Total	590 439	552 884
<i>Remuneration of the Director Corporate Services - (OJ Isaacs)</i>		
Annual Remuneration	380 927	381 617
Acting Allowance - (Acting MM for the period 01/07/2012 to 07/10/2012)	69 861	-
Performance Bonuses	-	-
Car Allowance	174 370	168 000
Telephone allowance	-	-
Contributions to UIF, Medical and Pension Funds	21 684	3 826
Total	646 842	553 443
	2013 R	2012 R
25 REMUNERATION OF COUNCILLORS		
Mayor	611 123	557 033
Councillors	1 992 044	1 729 374
Total Councillors' Remuneration	2 603 167	2 286 407
<i>In-kind Benefits</i>		
The Executive Mayor and all the committee members are full-time. The Mayor are provided with secretarial support and an office at the cost of the Council.		
	2013 R	2012 R
26 DEBT IMPAIRMENT		
Receivables from exchange transactions - Note 15	19 621 238	5 647 664
Receivables from non-exchange transactions - Note 16	2 986 165	2 010 600
Total Contribution to Debt Impairment	22 607 403	7 658 264
	2013 R	2012 R
27 DEPRECIATION AND AMORTISATION		
Property Plant and Equipment	33 458 145	26 654 972
Investment Property	134 060	134 437
Intangible Assets	303 977	220 697
	33 896 182	27 010 106
	2013 R	2012 R
28 IMPAIRMENTS		
Landfill Site	99 443	638
	99 443	638

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
29	FINANCE CHARGES		
	Trade and Other payables	2 335 116	1 379 287
	Bank	-	77 335
	Current Borrowings	133 768	445 824
	Capitalised	240	133 881
	Actuarial Interest	858 739	703 374
	Finance lease Interest	59 391	57 498
	Total finance charges	3 387 254	2 797 199
		2013 R	2012 R
30	BULK PURCHASES		
	Electricity	21 079 433	17 540 239
	Water	7 500 801	6 035 929
	Total Bulk Purchases	28 580 234	23 576 168
		2013 R	2012 R
31	GENERAL EXPENSES		
	Advertisements	94 215	154 552
	Auditors Remuneration	1 929 074	198 396
	Bank Charges	270 741	219 009
	Chemicals	464 773	314 676
	Cleaning materials	51 364	65 338
	Community Development and Training	2 447 712	1 007 436
	Consulting and Professional fees	230 741	1 133 827
	Electricity	745 318	781 560
	Fines	-	48 320
	Insurance	279 939	341 835
	Motor vehicle expenses	1 660 050	1 008 044
	Postage-Stamps	328 470	263 461
	Printing and stationery	511 045	346 970
	Rentals on Operating lease	6 506	8 019
	Royalties and License fees	1 199 715	450 949
	Subscription fees	353 568	715 796
	Telephone and fax	1 011 822	973 644
	Travel and subsistence	866 629	742 111
	Valuation Costs	1 702 047	192 486
	Other	833 121	540 870
	General Expenses	14 986 851	9 507 299

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2012
R

32 CORRECTION OF ERROR IN TERMS OF GRAP 3

The municipality utilised the Transitional Provisions in Directive 4, issued by the Accounting Standards Board, in prior years. Information for the measurement of the applicable items for which the Transitional Provisions were utilised was since obtained and now restated retrospectively. In addition certain errors were detected which relates to prior years and were also restated retrospectively. The effects of these restatements are listed below.

32.01 PAYABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	26 662 053
Transferred from Statement of Financial Performance - Operating Grant Expenditure (Creditor not raised in 2011/2012 - Cheque payment 11059394) - Refer to note 33	253
Transferred from Statement of Financial Performance - Operating Grant Expenditure (Creditor not raised in 2011/2012 - Cheque payment 11059394) - Refer to note 33	873
Transferred from the Statement of Financial Performance - Sundry Income (Cash transferred to the investment held by the bank) - Refer to note 33	500 000
Transferred from Cash & cash equivalents - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.03	325 770
Transferred from Cash & cash equivalents - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.03	120 469
Transferred from Cash & cash equivalents - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.03	564
Transferred from Cash & cash equivalents - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.03	37 062
Transferred from Cash & cash equivalents - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.03	46 460
Transferred from Cash & cash equivalents - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.03	648
Transferred from Cash & cash equivalents - Trade Payables (2012 Stale cheques reversed) - Refer to note 32.03	1 221 566
Transferred from Receivables from non-exchange transactions - Rates (Incorrectly receipted against debtor 010442 001127) - Refer to note 32.05	31 500
Transferred to Accumulated Surplus (Votes written off by council - correction in 2011 financial year) - Refer to note 32.07	(26 778)
	28 920 439

32.02 TAXES

Balance previously reported	878 749
Transferred from Cash and Cash Equivalents (2012 Stale cheques reversed) - Refer to note 32.03	396
Transferred from Inventory (Store issues with incorrect unit quantities) - Refer to note 32.06	40 607
Transferred to Receivables from exchange transactions (Correction of Debtors receipting 2011/2012) - Refer to note 32.04	(3 953 266)
Transferred from Statement of Financial Performance - Debt Impairment (Correction of Provision for bad debts after correction of debtors receipting in 2011/12) - Refer to note 33	3 763 336
	729 821

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)		2012
		R
32.03 CASH AND CASH EQUIVALENTS		
Balance previously reported		8 660 745
Transferred to Payables from Exchange transactions - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.01		120 469
Transferred to Payables from Exchange transactions - Trade Payables (2012 Stale cheques reversed) - Refer to note 32.01		1 221 566
Transferred to Payables from Exchange transactions - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.01		564
Transferred to Payables from Exchange transactions - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.01		37 062
Transferred to Payables from Exchange transactions - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.01		46 460
Transferred to Payables from Exchange transactions - Sundry Creditors (2012 Stale cheques reversed) - Refer to note 32.01		648
Transferred to Payables from Exchange Transactions - Sundry Creditors (Stale cheques reversed in 2012) - Refer to note 32.01		325 770
Transferred to Taxes - VAT Payable (Stale cheques reversed in 2012) - Refer to note 32.02		396
Transferred to Statement of Financial Performance - General Expenses - Royalties and Licence Fees (2012 Stale cheques reversed) - Refer to note 33		234
Transferred to Statement of Financial Performance - General Expenses - Travel and Subsistence (2012 Stale cheques reversed) - Refer to note 33		2 753
Transferred to Statement of Financial Performance - Operating Grant Expenditure (2012 Stale cheques reversed) - Refer to note 33		3 708
Transferred to Statement of Financial Performance - General Expenses - Travel and Subsistence (2012 Stale cheques reversed) - Refer to note 33		3 224
Transferred to Statement of Financial Performance - Service Charges - Electricity (2012 Stale cheques reversed) - Refer to note 33		360
Transferred to Statement of Financial Performance - General Expenses - Travel and Subsistence (2012 Stale cheques reversed) - Refer to note 33		845
Transferred to Statement of Financial Performance - General Expenses - Other (2012 Stale cheques reversed) - Refer to note 33		250
		10 425 053
32.04 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Balance previously reported		3 072 324
Transferred from Statement of Financial Performance - Service charges (Correction of receipting 2011/2012) - Refer to note 33		270 348
Transferred to Statement of Financial Performance - Service charges (Correction of receipting 2011/2012) - Refer to note 33		(9 357)
Transferred to Statement of Financial Performance - Service charges (Correction of receipting 2011/2012) - Refer to note 33		(8 289)
Transferred to Accumulated Surplus/(Deficit) (Correction of incorrect receipting 2010/2011) - Refer to note 32.07		(43)
Transferred to Accumulated Surplus/(Deficit) (Correction of incorrect receipting 2010/2011) - Refer to note 32.07		(119)
Transferred to Accumulated Surplus/(Deficit) (Correction of incorrect receipting 2010/2011) - Refer to note 32.07		(264)
Transferred to Statement of Financial Performance - Service charges (Correction of receipting 2011/2012) - Refer to note 33		(28 237 617)
Transferred from Statement of Financial Performance - Debt Impairment (Correction of provision for bad debts due to correction of receipting 2011/2012) - Refer to note 33		30 644 305
Transferred to Taxes (Correction of debtors receipting for 2011/2012) - Refer to note 32.02		(3 953 266)
		1 778 022
32.05 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Balance previously reported		13 678 266
Transferred from Payables from exchange Transactions - Sundry Creditors (Incorrectly receipted against debtor 010442 001127) - Refer to note 32.01		31 500
Transferred to Accumulated Surplus/(Deficit) (Correction of Receipting 2010/2011) - Refer to note 32.07		(441)
Transferred from Statement of Financial Performance - Debt Impairment (Correction of provision for bad debts due to correction of receipting 2011/2012) - Refer to note 33		(29 643)
Transferred to Accumulated Surplus (Votes written off by council - corrected in 2011 financial year) - Refer to note 32.07		(6 920)
		13 672 762
32.06 INVENTORY		
Balance previously reported		636 495
Transferred from Statement of Financial Performance - General Expenses - Motor vehicle expenses (Stores issues with incorrect unit quantities) - Refer to note 33		290 052
Transferred from Taxes - VAT payable (Stores issues with incorrect unit quantities) - Refer to note 32.02		40 607
		967 155

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

CORRECTION OF ERROR IN TERMS OF GRAP 3 (continued)

**2012
R**

32.07 ACCUMULATED SURPLUS/(DEFICIT)

Balance previously reported

**434 084 875
18 990**

Transferred to Receivables from Non-Exchange Transactions (Correction of receipting 2010/2011) - Refer to note 32.05

(441)

Transferred to Receivables from Exchange Transactions (Correction of incorrect receipting 2010/2011) - Refer to note 32.04

(43)

Transferred to Receivables from Exchange Transactions (Correction of incorrect receipting 2010/2011) - Refer to note 32.04

(119)

Transferred to Receivables from Exchange Transactions (Correction of incorrect receipting 2010/2011) - Refer to note 32.04

(264)

Transferred from Payables from Exchange Transactions - Sundry Creditors (Votes written off by council - Corrected in 2011 financial year) - Refer to note 32.01

26 778

Transferred to Receivables from Non-exchange Transactions - Sundry Debtors (Votes written off by council - Corrected in 2011 financial year) - Refer to note 32.05

(6 920)

434 103 866

33 STATEMENT OF FINANCIAL PERFORMANCE

Balance previously reported

207 292 167

Transferred to Other income from Property taxes (Correction of Consumer deposits previously corrected against Property Taxes) - Refer to note 23

60 000

Transferred from Property Taxes to Other income (Correction of Consumer deposits previously corrected against Property Taxes) - Refer to note 19

(60 000)

Transferred to Payables from exchange transactions - Trade Payables (Creditor not raised in 2011/2012 cheque payment 11059394) - Refer to note 32.01

(253)

Transferred to Payables from exchange transactions - Trade Payables (Creditor not raised in 2011/2012 cheque payment 11059394) - Refer to note 32.01

(873)

Transferred from Trade Receivables from Exchange Transactions (Correction of receipting 2011/2012) - Refer to note 32.04

270 348

Transferred to Trade Receivables from Exchange Transactions (Correction of receipting 2011/2012) - Refer to note 32.04

(9 357)

Transferred to Trade Receivables from Exchange Transactions (Correction of receipting 2011/2012) - Refer to note 32.04

(8 289)

Transferred from Trade Receivables from Exchange Transactions (Correction of receipting 2011/2012) - Refer to note 32.04

(28 237 617)

Transferred from Trade Receivables from Exchange Transactions (Correction of Provision for bad debts due to correction of receipting 2011/2012) - Refer to note 32.04

30 644 305

Transferred from Trade Receivables from Non-Exchange Transactions (Correction of Provision for bad debts due to correction of receipting 2011/2012) - Refer to note 32.05

(29 643)

Transferred to Inventory (Store issues with the incorrect unit quantities) - Refer to note 32.06

290 052

Transferred to Taxes (Correction of Provision for bad debts after correcting debtors receipting in 2011/12) - Refer to note 32.02

(3 763 336)

Transferred to Payables from Exchange Transactions - Sundry Creditors (Cash transferred from the bank to investment held by the bank) - Refer to note 32.01

(500 000)

Transferred from Cash and cash equivalents - General Expenses - Royalties and Licence Fees (2012 stale cheques reversed) - Refer to note 32.03

234

Transferred from Cash and cash equivalents - General Expenses - Travel and Subsistence (2012 stale cheques reversed) - Refer to note 32.03

2 753

Transferred from Cash and cash equivalents - Operating Grant Expenditure (2012 stale cheques reversed) - Refer to note 32.03

3 708

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

STATEMENT OF FINANCIAL PERFORMANCE (continued)

	2012 R
Transferred from Cash and cash equivalents - General Expenses - Travel and Subsistence (2012 stale cheques reversed) - Refer to note 32.03	3 224
Transferred from Cash and cash equivalents - Service Charges - Electricity (2012 stale cheques reversed) - Refer to note 32.03	360
Transferred from Cash and cash equivalents - General Expenses - Travel and Subsistence (2012 stale cheques reversed) - Refer to note 32.03	845
Transferred from Cash and cash equivalents - General Expenses - Other (2012 stale cheques reversed) - Refer to note 32.03	250
Total	205 958 879

34 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

	2013 R	2012 R
Surplus/(Deficit) for the year	3 943 750	205 958 879
Adjustments for:		
Depreciation	33 592 205	26 789 409
Amortisation of Intangible Assets	303 977	220 697
Gain on disposal of property, plant and equipment	-	(232 210)
Loss on disposal of property, plant and equipment	31 851	-
Debt Impairment	22 607 403	7 658 264
Debt Impairment - Long term receivables	-	-
Additions to rehabilitation of landfill sites	(747 889)	(111 100)
Additions to Finance lease assets	(10 137)	-
Contributed PPE	(23 778 505)	(183 192 489)
Contribution to bonuses	31 124	336 763
Contribution to staff leave	1 076 482	205 127
Contribution from/to employee benefits	1 609 645	1 326 228
Contribution from/to Compensation for Injury on Duty	(966 143)	49 520
Unwinding of Interest on Provision for Tip Sites	748 129	244 981
Non-current Employee benefits - expenditure incurred	(402 885)	(394 192)
Actuarial Losses / (Gains)	1 003 126	2 005 247
Impairment written off	99 443	638
Operating lease income accrued	(24 883)	(24 883)
Operating Surplus/(Deficit) before changes in working capital	39 116 693	60 840 880
Changes in working capital	(16 913 105)	(7 019 031)
Increase/(Decrease) in Trade and Other Payables	1 724 712	2 108 669
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 541 604	9 934 683
Increase/(Decrease) in Taxes	4 756 854	855 476
(Increase)/Decrease in Inventory	391 702	(368 844)
(Increase)/Decrease in Trade and other receivables	(23 341 940)	(19 549 015)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(2 986 037)	-
Cash generated/(absorbed) by operations	22 203 588	53 821 849

35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Call Investments Deposits - Note 18	23 660 875	20 497 572
Cash Floats - Note 18	2 750	2 750
Bank overdraft - Note 18	(12 009 588)	(10 075 269)
Total cash and cash equivalents	11 654 038	10 425 053

36 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2013 R	2012 R
Cash and Cash Equivalents - Note 35	11 654 038	10 425 053
Less:	11 654 038	10 425 053
	26 960 647	19 662 189
Unspent Committed Conditional Grants - Note 9	21 473 972	18 932 368
VAT - Note 10	5 486 676	729 821
Resources available for working capital requirements	(15 306 609)	(9 237 136)

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
		R	R
37	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
	Long-term Liabilities - Note 2	2 243 565	3 530 288
	Used to finance property, plant and equipment - at cost	(2 243 565)	(3 530 288)
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-
	Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.		
38	BUDGET COMPARISONS		
		2013	2013
		R	R
38.1	Operational	(Actual)	(Budget)
			(Variance)
			(%)
	Revenue by source		
	Property Rates	10 546 269	11 997 205
	Government Grants and Subsidies	51 203 977	42 198 000
	Contributed PPE	23 778 505	-
	Fines	155 614	260 100
	Service Charges	70 717 411	41 468 099
	Rental of Facilities and Equipment	301 917	274 821
	Interest Earned - external investments	1 638 882	244 600
	Interest Earned - outstanding debtors	1 519 498	-
	Licences and Permits	821 369	346 942
	Agency Services	677 964	53 631
	Other Income	500 803	1 627 702
	Gain on disposal of Property, Plant and Equipment	-	7 000 000
		161 862 209	105 471 100
	Expenditure by nature		
	Employee Related Costs	43 298 402	43 211 377
	Remuneration of Councillors	2 603 167	2 783 510
	Debt Impairment	22 607 403	11 288 576
	Depreciation and Amortisation	33 896 182	34 826 674
	Impairments	99 443	-
	Repairs and Maintenance	2 092 920	5 427 212
	Actuarial losses	1 003 126	-
	Finance Charges	3 387 254	1 118 885
	Bulk Purchases	28 580 234	21 960 000
	Operating Grant Expenditure	5 331 627	4 946 000
	General Expenses	14 986 851	35 882 374
	Loss on disposal of Property,Plant and Equipment	31 851	-
		157 918 459	161 444 608
	Net Surplus for the year	3 943 750	(55 973 508)

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2013	2013	2013
	R	R	R	
	(Actual)	(Budget)	(Variance)	(%)
38.2 Expenditure by Vote				
Rates & Taxes	2 986 165	5 288 576	(2 302 411)	(44%)
Burialground	706 849	849 459	(142 610)	(17%)
Library	3 033 634	2 969 785	63 849	2%
Fire Brigade	-	162 199	(162 199)	(100%)
Commonage	-	22 934	(22 934)	(100%)
Caravan Park	25 877	159 000	(133 123)	(84%)
Municipal Property	2 615 683	2 467 509	148 174	6%
Parks & Recreation	4 074 655	4 889 537	(814 882)	(17%)
Public Health	847 998	959 000	(111 002)	(12%)
Public Works & Streets	24 727 356	11 559 881	13 167 475	114%
Sewerage	11 599 969	7 770 994	3 828 975	49%
Security	1 007 400	796 974	210 426	26%
Mayoral Office	1 087 468	1 059 717	27 751	3%
Townsecretary	2 552 149	4 308 572	(1 756 423)	(41%)
Human Resources	2 949 728	2 571 968	377 760	15%
Town Clerk	3 571 616	5 681 692	(2 110 076)	(37%)
Council General	3 876 370	4 442 992	(566 622)	(13%)
Town Treasure	24 378 134	17 617 119	6 761 015	38%
Swimming Pool	333	-	333	100%
Reticulation	1 751 800	4 798 847	(3 047 047)	(63%)
Traffic	2 880 534	2 866 777	13 757	0%
Refuse	3 868 924	7 252 369	(3 383 445)	(47%)
Workshop	1 992 655	2 118 924	(126 269)	(6%)
Electricity	29 433 537	35 259 282	(5 825 745)	(17%)
Water Service	26 236 591	22 947 070	3 289 521	14%
Housing	1 950 496	12 623 432	(10 672 936)	(85%)
	158 155 923	161 444 609	(3 288 686)	(2%)
	2013	2013	2013	2013
	(Actual)	(Budget)	(Variance)	(%)
38.3 Capital expenditure by vote				
Rates & Taxes	-	-	-	0%
Burialground	8 580	30 000	(21 420)	-71%
Library	422 712	873 080	(450 368)	-52%
Fire Brigade	-	23 000	(23 000)	-100%
Civil Defence	-	-	-	0%
Dynamite Works	-	-	-	0%
Commonage	-	-	-	0%
Donations	-	-	-	0%
Procl. Roads	-	-	-	0%
Caravan Park	-	-	-	0%
Municipal Property	525 841	386 000	139 841	36%
Parks & Recreation	-	97 500	(97 500)	-100%
Public Health	-	-	-	0%
Public Works & Streets	4 583 241	24 170 000	(19 586 759)	-81%
Sewerage	6 837 752	8 500 000	(1 662 248)	-20%
Sanitation	-	-	-	0%
Security	-	-	-	0%
Pound	-	-	-	0%
Mayoral Office	2 718	623 800	(621 082)	-100%
Townsecretary	175 585	525 000	(349 415)	-67%
Human Resources	111 424	50 000	61 424	123%
Town Clerk	350 877	93 300	257 577	276%
Council General	764 950	125 000	639 950	512%
Town Treasure	164 174	1 502 000	(1 337 826)	-89%
Swimming Pool	-	1 000 000	(1 000 000)	-100%
Reticulation	-	1 500 000	(1 500 000)	-100%
Traffic	17 034	223 500	(206 466)	-92%
Refuse	632 044	5 520 000	(4 887 956)	-89%
Workshop	-	415 000	(415 000)	-100%
Electricity	4 038 527	2 500 000	1 538 527	62%
Water Service	1 714 120	4 730 000	(3 015 880)	-64%
Dog Taxes	-	-	-	0%
Housing	-	-	-	0%
	20 349 579	52 887 180	(32 537 601)	(62%)

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

39	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2013 R	2012 R
39.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	268 340 970	57 786 653
	Unauthorised expenditure current year - capital	2 637 319	152 152 002
	Unauthorised expenditure current year - operating	27 889 037	58 402 316
	Unauthorised expenditure current year - Conditional grants utilised for operating expenditure	-	-
	Written off by council	-	-
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	<u>298 867 326</u>	<u>268 340 970</u>

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

39.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	9 880 377	3 339 854
Fruitless and wasteful expenditure current year	2 921 443	6 540 522
Written off by council	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting further action	12 801 819	9 880 377

Incident	Disciplinary steps/criminal proceedings		
SARS levied penalties and interest on VAT submitted incorrectly not timeously.	None	Unknown	4 663 662
SARS levied penalties and interest on EMP 201's not submitted correctly and timeously.	None	Unknown	556 007
Rental agreement (Telkom) and Business proposal (Panasonic) refer. A rental agreement with Telkom from 15 January 2007 for 5 years for a PABX system. On 21 May 2010 an proposal of Panasonic was accepted for the same equipment.	None	312 500	812 500
Purchase of Electricity - Late payments on overdue account (Eskom)	None	601 185	185 387
Interest on the arrears of the DBSA loan	None	8 790	143 534
Interest charged on late payment to Engelsman Magabane	None	-	141 897
Interest charged on late payment to Eskom	None	-	32 329
Interest charged on late payment to Telkom	None	14 948	5 206
Interest charged on late payment to SALA Pension Fund	None	13 125	-
Arbitration award: Mr H Beets - Dismissal was declared procedurally and substantially unfair	None	265 037	-
Interest charged on late payment to Auditor General's Office	None	147 361	
Interest charged on late payment to KLK Landbou	None	400	
Interest charged on late payment to Postmasburg Radio and TV	None	1 375	
Interest charged on late payment to Die Verwinkel	None	476	
Interest charged on late payment to Trentyre	None	1	
Interest charged on late payment to Sedibeng Water	None	1 504 574	
Interest charged on late payment to Compensation Commissioner	None	51 669	
		2 921 443	6 540 522

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

39.3 Irregular expenditure

Reconciliation of irregular expenditure:

	2013 R	2012 R
Opening balance	52 548 895	48 977 517
Irregular expenditure excluding VAT current year	1 362 783	3 571 378
Written off by council	-	-
Irregular expenditure awaiting further action	53 911 678	52 548 895
Irregular expenditure awaiting condonement by National Treasury	53 911 678	52 548 895

Incident	Disciplinary steps/criminal proceedings	
Supply chain management unit not adhered to - Request for purchase was only sent on 20 December 2011 but the service was provided on 4 November 2011. Expense was for Transport people from Groenwater / Maremane/ Jenn Heaven to attend to the handover of mobile clinics.	None	5 500
Supply chain management unit not adhered to - Request for purchase was only sent on 26 January 2012 but the service was provided on 18 January 2012. Expense was for Transport to Maremane and back.	None	3 400
Supply chain management unit not adhered to - Request for purchase was only sent on 18 July 2012 but the invoice was dated 09 January 2012. Expense was for A Full page Colour Advertisement within Local Edition.	None	17 500
The electrician resigned and his position was not filled. PMG Electrical is used to do electrical repairs. The cost amounted to R299 254	None	315 067
Advertisements were placed for the positions of Municipal Manager and Director: Technical Services. Positions had not been filled.	None	67 709
Costs incurred i.r.o. SAMSRA Provincial Games.	None	54 540
Payments made in excess of original contract for the project relating to Bus and Taxi Rank	None	923 170
Payments made in excess of original contract for the project relating to 1.5ML Reservoir	None	936 140
Payments made in excess of original contract for the project relating to Pressure Tower	None	1 248 352
Supply chain regulations not adhered to as only one quotation or sole quotation obtained or documentation not signed.	None	
	1 362 783	
	1 362 783	3 571 378

39.4 Material Losses**Water distribution losses**

- Kilo litres disinfected/purified/purchased	1 371 262	878 592
- Kilo litres sold	1 945 401	1 247 052
- Percentage (lost)/gained during distribution	41.87%	41.94%

Electricity distribution losses

- Units purchased (Kwh)	27 658 192	32 207 555
- Units sold (Kwh)	17 637 368	15 471 375
- Percentage lost during distribution	-36%	-51.96%

2013
R

2012
R

40 **ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**40.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS

Opening balance	400 000	-
Council subscriptions	-	606 902
Amount paid - current year	(400 000)	(206 902)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	400 000

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
40.2 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	790 230	1 808 037
Current year audit fee	2 346 505	980 635
Amount paid - current year	-	(190 405)
Amount paid - previous year	(790 230)	(1 808 037)
Balance unpaid (included in creditors)	2 346 505	790 230
40.3 VAT - [MFMA 125 (1)(b)]		
VAT	5 486 676	729 821
Closing balance - VAT Payable / (Receivable)	5 486 676	729 821
VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
40.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]		
Opening balance	58 024	3 831 995
Current year payroll deductions and Council Contributions	5 236 272	4 263 847
Amount paid - current year	(5 236 272)	(4 205 823)
Amount paid - previous year	-	(3 831 995)
Balance unpaid (included in creditors)	58 024	58 024
40.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	1 103 680	145 532
Current year payroll deductions and Council Contributions	4 608 367	6 221 968
Amount paid - current year	(4 608 367)	(5 118 288)
Amount paid - previous year	-	(145 532)
Balance unpaid (included in creditors)	1 103 680	1 103 680
Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]		

The following Councillors had arrear accounts for more than 90 days as at 30 June 2013:

	2013 R Outstanding more than 90 days	2012 R Outstanding more than 90 days
Councillor A.M. Oliphant	2 379	-
Councillor J.J. Swart	-	-
Councillor S.R. de Bruin	-	-
Councillor O.M. Mabilo	-	-
Councillor O. Kgoronyane	-	-
Councillor J. Rooiland	-	730
Councillor J.H. Phete	64 181	56 153
Councillor T. Phohle	-	9 731
Councillor M. Mashilishili	4 486	192
Councillor N. Pullers	-	-
Councillor M.J. Tonyane	17 434	16 639
Total Councillor Arrear Consumer Accounts	88 481	83 445

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)		
40.6 Other non-compliance (MFMA 125(2)(e))		
The municipality did not update their website with all relevant documentation as required by Section 75(2) of the MFMA. The website was not fully functional for the 2012/13 financial year. The website was active as		
Section 64(2)(a) - The Municipality did not have effective revenue collection system in place. The municipality's credit control and debt collection policy was not implemented.		
Section 54(2) - The mayor did not comply with the legislative requirements on budgetary control and early identification of financial problems.		
Section 66 of the Municipal Systems Act - No job descriptions for municipal employees as required.		
Payments were not made within 30 days as required by the MFMA. - Section 65 of the MFMA		
40.7 Quotations awarded - Supply Chain Management		
Deviations from the Supply Chain Management Regulations were identified on the following categories:		
Deviations per financial category		
- Between R 0 and R 2 000	-	-
- Between R 2 000 and R 10 000	-	-
- Between R 10 000 and R 30 000	-	-
- Between R 30 000 and R 500 000	500 000	-
	<u>500 000</u>	<u>-</u>
Deviations between R30 000 and R500 000		
<i>Deviation on expenditure for TGIS - Information required from deeds office for general valuation roll.</i>		
	100 000	-
<i>Deviation on expenditure for the purchase of a PMS system from Siyanda District Municipality. Amount budget for was R200 000 actual expenditure amounts to R400 000.</i>		
	400 000	-
	2013 R	2012 R
41 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	<u>17 098 612</u>	<u>27 190 628</u>
Total commitments consist out of the following:		
- MIG Projects	17 098 612	220 000
- SLP Projects with Kolomela Mine	-	26 970 628
- Housing Projects	-	-
	<u>17 098 612</u>	<u>27 190 628</u>
This expenditure will be financed from:		
Government Grants	17 098 612	220 000
Public Contributions	-	26 970 628
	<u>17 098 612</u>	<u>27 190 628</u>
	2013 R	2012 R
42 FINANCIAL RISK MANAGEMENT		
The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
(a) Foreign Exchange Currency Risk		
The municipality does not engage in foreign currency transactions.		
(b) Price risk		
The municipality is not exposed to price risk.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

FINANCIAL RISK MANAGEMENT (continued)

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% (2011 - 0.5%) Increase in interest rates	94 077	68 920
0.5% (2011 - 0.5%) Decrease in interest rates	(47 039)	(34 460)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 15 and 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2013 %	2013 R	2012 %	2012 R
<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
<u>Exchange Receivables</u>				
Electricity	0.07%	62 766	0.65%	421 584
Water	0.00%	-	0.00%	-
Refuse	0.00%	-	0.00%	-
Sewerage	0.00%	-	0.00%	-
Other	0.00%	-	0.00%	-
	0.07%	62 766	0.65%	421 584

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 15 and 16 of the financial statements is an approximation of its fair value.

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

FINANCIAL RISK MANAGEMENT (continued)

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013 %	2013 R	2012 %	2012 R
<u>Non-Exchange Receivables</u>				
Rates	10.86%	9 845 509	10.50%	6 859 344
<u>Exchange Receivables</u>				
Electricity	11.68%	10 590 669	11.08%	7 239 653
Water	35.83%	32 497 722	28.12%	18 374 647
Refuse	12.46%	11 302 116	14.10%	9 215 126
Sewerage	23.44%	21 257 141	28.16%	18 402 345
Other	5.73%	5 200 405	8.03%	5 248 070
	100.00%	90 693 561	100%	65 339 184

The provision for bad debts could be allocated between the different categories of debtors as follows:

Government	0.00%	-	0.00%	-
Industrial	4.20%	4 025 951	4.20%	2 741 446
Municipal	0.00%	-	0.00%	-
Residential	95.80%	91 927 896	95.80%	62 597 738
Indigents	0.00%	-	0.00%	-
	100.00%	95 953 847	100%	65 339 184
	2013 %	2013 R	2012 %	2012 R

Bad debts written off per debtor class:

<u>Non-Exchange Receivables</u>				
Rates	0.00%	-	0.00%	-
<u>Exchange Receivables</u>				
Electricity	0.00%	-	0.00%	-
Water	0.00%	-	0.00%	-
Refuse	0.00%	-	0.00%	-
Sewerage	0.00%	-	0.00%	-
Other	0.00%	-	0.00%	-
	0.00%	-	0.00%	-

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables are individually evaluated annually at Balance Sheet date for impairment.

Analysis under credit risk for financial assets that are past due but not impaired:

Receivables from exchange transactions:

Electricity	62 766	421 584
-------------	--------	---------

Financial assets exposed to credit risk at year end are as follows:

Receivables from exchange transactions	2 336 582	1 778 022
Receivables from non-exchange transactions	14 358 578	14 456 316
Cash and Cash Equivalents	23 663 626	20 500 322
Unpaid conditional grants and subsidies	2 986 037	-
	43 344 822	36 734 660

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2013				
Long Term liabilities	641 994	1 886 203	-	-
Capital repayments	521 580	1 721 986	-	-
Interest	120 414	164 217	-	-
Trade and Other Payables	30 645 151	-	-	-
Cash and Cash Equivalents	12 009 588	-	-	-
	<u>43 296 732</u>	<u>1 886 203</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2012				
Long Term liabilities	1 175 101	2 858 756	-	-
Capital repayments	992 131	2 538 157	-	-
Interest	182 970	320 599	-	-
Trade and Other Payables	28 920 439	-	-	-
Cash and Cash Equivalents	10 075 269	-	-	-
	<u>40 170 809</u>	<u>2 858 756</u>	<u>-</u>	<u>-</u>

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

43	FINANCIAL INSTRUMENTS		2013 R	2012 R
	Financial instruments of the municipality are classified as follows:			
	The fair value of financial instruments approximates the amortised costs as reflected below.			
43.1	Financial Assets	Classification		
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	2 336 582	1 778 022
	Receivables from non-exchange transactions	Financial instruments at amortised cost	14 358 578	14 456 316
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	23 660 875	20 497 572
	Bank Balances and Cash			
	Cash Floats and Advances	Financial instruments at amortised cost	2 750	2 750
			40 358 786	36 734 660
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		40 358 786	36 734 660
	At amortised cost		40 358 786	36 734 660
			2013 R	2012 R
43.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	1 418 266	2 181 086
	Capitalised Lease Liability	Financial instruments at amortised cost	303 719	357 071
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	24 978 426	21 940 020
	Sundry Creditors	Financial instruments at amortised cost	3 740 736	5 429 672
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	427 680	530 051
	Capitalised Lease Liability	Financial instruments at amortised cost	93 900	462 080
	Bank Balances and Cash			
	Bank Overdraft	Financial instruments at amortised cost	12 009 588	10 075 269
			42 972 315	40 975 248
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		42 972 315	40 975 248

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	2012 R
44	EVENTS AFTER THE REPORTING DATE		
	No subsequent events have taken place after reporting date.		
45	IN-KIND DONATIONS AND ASSISTANCE		
	Kumba Iron Ore donated funds to assist with payment of guarantees to Eskom	-	8 173 064
	Khumba Iron Ore also donated PPE	-	180 031 846
	Khumba Iron Ore also donated vehicles	3 172 460	2 694 045
	Kholomela Mine donated an amount for operating expenditure	-	5 000 000
	Assmang mine donated PPE	20 606 045	-
		23 778 505	195 898 955
46	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

47	CONTINGENT LIABILITY		2013 R	2012 R
		Brief Description		
	TD74 - Mark Trust 28133		unknown	unknown
	TD103 - M & DJ Security Solutions		unknown	unknown
	TSA/0002 - TRUSTGRO PROJECTS (PTY) LTD		unknown	unknown
	TSA/0004 - BIG FIVE CONSTRUCTION		unknown	unknown
	TSA/0005 - WHITE MOUNTAIN MINING CC		unknown	unknown
	TSA/0006 - DISSIPLINERE VERHOOR		unknown	unknown
	TSA/0008 - BENJAMIN KHOMHAKA		unknown	unknown
	TSA/0009 - OBAKENG CHAETSI		unknown	unknown
	TSA/0010 - ESKOM		unknown	unknown
	Duncan and Rothman (MVD)	Outstanding fees from various projects		
			unknown	unknown
	Rampai Attorneys (CEE - Civil)		673 316	673 316
	Eversheds (Vox Orion)		73 983	73 983
	Panasonic Business System			
		The goods in question refer to a telephone system, which are currently damaged and will possibly have to be replaced by the municipality.	unknown	unknown
	SARS	Outstanding amounts on VAT and PAYE	unknown	-
	Peyper Sesele Attorneys - TEB Properties (Pty) Limited		2 000 000	-
	Elton De Bruin Incorporated Attorneys - MSDB Corporate Consultants	Possible debt owed by the Municipality with regards to professional fees incurred in connection with the SLP/LED Skeyfontein Honey Bee Project	157 981	-
			1 095 419	-
	Department of Transport, Safety and Liaison			
	De Klerk & van Gend - Cape Retirement Fund for Local Government	Outstanding interest on late contributions	1 197	-
	De Klerk & van Gend - Cape Joint Pension Fund	Outstanding interest on late contributions	4 627	-
	EMW Attorneys - Alie Abdullah Construction	Client suffered damages for loss of income due to machinery which could not be utilised	1 677 000	-
	Dihlase Consulting Engineers (Pty) Ltd	Electrical Services Rendered - Airfield Development	16 554	-
	Barnard Incorporated Attorneys - Kgoni Trading CC	Outstanding amounts on finalisation of building projects	700 741	-
	Thipa Incorporated Attorneys - South African Local Authorities Pension Fund	Non-payment of increase in employer contribution.	51 621	-
	Rossouw Attorneys - Yman Ventures & Jo and D Trading JV	Proceedings due to the tender TM07/2012/2013 being awarded to another bidder.	unknown	-
	Smith & Vosloo Attorneys - CJB Slabs		unknown	-
			6 452 439	747 300

TSANTSABANE MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

48 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

48.01 Related Party Transactions

	Rates - Levied 1 Jul 12 - 30 Jun 13	Service Charges - Levied 1 Jul 12 - 30 Jun 13	Other - Levied 1 Jul 12 - 30 Jun 13	Outstanding Balances 30 June 2013
Year ended 30 JUNE 2013				
Councillors	10 780	50 496	-	96 279
Swart JJ	4 262	10 093	-	1 019
Tonyane MJ	-	664	-	17 509
Oliphant AM	-	3 410	-	3 309
Mashilishile N	-	4 651	-	5 282
Phete EEJ	544	8 362	-	65 800
Rooiland J	713	3 979	-	2 649
De Bruin SR	5 261	19 338	-	712
Phohle TP	-	-	-	-
Pullers NR	-	-	-	-
Municipal Manager and Section 57 Employees	-	17 404	33 037	106 466
Isaacs OJ	-	12 697	21 801	96 792
Theys JJ	-	4 708	11 236	9 674

The rates, service charges and other charges are in accordance with approved tariffs that were advertised

48.02 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

48.03 Compensation of key management personnel

The compensation of key management personnel is set out in note to the Annual Financial Statements.

48.04 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

The municipality transacted with the following staff members entity's during the year under review:

- Molema M Caterings - This is K Molema's catering business, total trade amounted to R16 210-00 for the year under review.
- M Suez Trading - This is S Moetsi's decorating business, total trade amounted to R40 860-00 for the year under review.

**APPENDIX A - Unaudited
TSANTSABANE MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2012	Correction	Balance at 1 JULY 2012 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2013
ANNUITY LOANS									
DBSA loan	5.00%	61007013	2017	2 711 137	-	2 711 137	-	865 191	1 845 946
Total Annuity Loans				2 711 137	-	2 711 137	-	865 191	1 845 946
LEASE LIABILITY									
ITEC B420 Digital Copier	9.00%		2013	17 021	-	17 021	-	17 021	-
Bizhub 163	9.00%		2013	2 480	-	2 480	-	2 480	-
Bizhub 163	9.00%		2013	2 480	-	2 480	-	2 480	-
Laser Jet 9040 MFP 40PPM Fastres 1200	9.00%		2013	29 848	-	29 848	-	27 448	2 400
Panasonic KX-TDA100SA IP PABX System	9.00%		2013	299 987	-	299 987	-	299 987	-
Nashua D1425 Folder Inserter Machine	9.00%		2017	242 232	-	242 232	-	39 922	202 310
Telkkom - PABX System	9.00%		2017	225 103	-	225 103	-	39 769	185 334
Xerox - WC3550	8.50%		2015	-	-	-	10 137	2 563	7 574
Total Lease Liabilities				819 150	-	819 150	10 137	431 669	397 619
TOTAL EXTERNAL LOANS				3 530 288	-	3 530 288	10 137	1 296 860	2 243 565

APPENDIX B - Unaudited
TSANTSABANE MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
MUNICIPAL VOTES CLASSIFICATION

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
6 040 253	(2 116 128)	3 924 124	Rates & Taxes	10 546 269	(2 986 165)	7 560 105
23 505	(592 472)	(568 967)	Burialground	30 278	(706 849)	(676 572)
276 039	(2 452 024)	(2 175 985)	Library	790 774	(3 033 634)	(2 242 860)
-	(2 862)	(2 862)	Fire Brigade	-	-	-
-	-	-	Civil Defence	-	-	-
-	-	-	Dynamite Works	-	-	-
119 535	(790)	118 745	Commonage	193	-	193
-	-	-	Donations	-	-	-
-	(7 542)	(7 542)	Procl. Roads	-	-	-
38 720	(342)	38 378	Caravan Park	60 740	(25 877)	34 862
235 102	(1 981 797)	(1 746 694)	Municipal Property	240 985	(2 615 683)	(2 374 698)
432 000	(3 437 830)	(3 005 830)	Parks & Recreation	90 001	(4 074 655)	(3 984 655)
2 732 012	(729 764)	2 002 248	Public Health	845 926	(847 998)	(2 071)
49 501 771	(20 492 595)	29 009 176	Public Works & Streets	18 648 883	(24 727 356)	(6 078 473)
6 633 228	(9 273 958)	(2 640 730)	Sewerage	7 434 852	(11 599 969)	(4 165 117)
-	-	-	Sanitation	-	-	-
-	(786 679)	(786 679)	Security	-	(1 007 400)	(1 007 400)
-	-	-	Pound	-	-	-
9 000	(711 882)	(702 882)	Mayoral Office	30 000	(1 087 468)	(1 057 468)
-	(2 733 362)	(2 733 362)	Townsecretary	-	(2 552 149)	(2 552 149)
112 419	(2 183 793)	(2 071 374)	Human Resources	156 200	(2 949 728)	(2 793 528)
-	(4 026 684)	(4 026 684)	Town Clerk	-	(3 571 616)	(3 571 616)
54 931	(3 636 155)	(3 581 224)	Council General	-	(3 876 370)	(3 876 370)
203 214 989	(16 254 326)	186 960 663	Town Treasure	57 326 450	(24 378 134)	32 948 316
-	(3 148)	(3 148)	Swimming Pool	-	(333)	(333)
-	(1 170 511)	(1 170 511)	Reticulation	-	(1 751 800)	(1 751 800)
1 550 990	(2 154 085)	(603 095)	Traffic	1 665 947	(2 880 534)	(1 214 587)
1 771 624	(2 062 916)	(291 293)	Refuse	3 904 277	(3 868 924)	35 353
-	(1 841 569)	(1 841 569)	Workshop	-	(1 992 655)	(1 992 655)
27 952 609	(23 908 964)	4 043 645	Electricity	37 824 440	(29 433 537)	8 390 903
23 021 871	(12 258 019)	10 763 852	Water Service	21 796 147	(26 236 591)	(4 440 444)
-	-	-	Dog Taxes	-	-	-
(0)	(2 941 519)	(2 941 519)	Housing	707 311	(1 950 496)	(1 243 185)
323 720 595	(117 761 717)	205 958 879	Sub Total	162 099 674	(158 155 923)	3 943 750
-	-	-	Less Inter-Departmental Charges			-
323 720 595	(117 761 717)	205 958 879	Total	162 099 674	(158 155 923)	3 943 750

APPENDIX C - Unaudited
TSANTSABANE MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
63 931	(8 374 721)	(8 310 790)	Executive & Council	30 000	(8 535 454)	(8 505 454)
209 255 241	(18 370 454)	190 884 787	Budget & Treasury	67 872 719	(27 364 299)	40 508 420
347 521	(6 898 951)	(6 551 430)	Corporate Services	397 185	(8 117 561)	(7 720 375)
119 535	(790)	118 745	Planning & Development	193	-	193
2 732 012	(729 764)	2 002 248	Health	845 926	(847 998)	(2 071)
299 543	(3 044 496)	(2 744 953)	Community & Social Services	821 051	(3 740 483)	(2 919 431)
(0)	(2 941 519)	(2 941 519)	Housing	707 311	(1 950 496)	(1 243 185)
1 550 990	(2 943 627)	(1 392 636)	Public Safety	1 665 947	(3 887 934)	(2 221 987)
470 720	(3 441 321)	(2 970 601)	Sport & Recreation	150 740	(4 100 866)	(3 950 126)
1 771 624	(2 062 916)	(291 293)	Waste Management	3 904 277	(3 868 924)	35 353
6 633 228	(9 273 958)	(2 640 730)	Waste Water Management	7 434 852	(11 599 969)	(4 165 117)
49 501 771	(20 500 137)	29 001 634	Road Transport	18 648 883	(24 727 356)	(6 078 473)
23 021 871	(13 428 530)	9 593 341	Water	21 796 147	(27 988 391)	(6 192 244)
27 952 609	(23 908 964)	4 043 645	Electricity	37 824 440	(29 433 537)	8 390 903
-	(1 841 569)	(1 841 569)	Other	-	(1 992 655)	(1 992 655)
323 720 595	(117 761 717)	205 958 879	Sub Total	162 099 674	(158 155 923)	3 943 750
-	-	-	Less Inter-Departmental Charges	-	-	-
323 720 595	(117 761 717)	205 958 879	Total	162 099 674	(158 155 923)	3 943 750

APPENDIX D - Unaudited
TSANTSABANE MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2012	Correction of error	Restated Balance 1 JULY 2012	Grants Received	Grants withheld from Equitable share	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2013
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	R	R	R	R	R	R	R	R
<u>National Government Grants</u>								
Equitable Share	-	-	-	23 340 000	1 787 596	25 127 596	-	-
Municipal Infrastructure Grant	1 787 596	-	1 787 596	14 420 000	(1 787 596)	-	9 844 590	4 575 410
Municipal Systems Improvement Grant	-	-	-	800 000	-	943 517	400 000	(543 517)
Department of water affairs (infrastructure)	11 396 817	-	11 396 817	-	-	-	-	11 396 817
Finance Management Grant	-	-	-	1 500 000	-	2 869 972	72 177	(1 442 149)
Total National Government Grants	13 184 413	-	13 184 413	40 060 000		28 941 085	10 316 767	13 986 561
<u>Provincial Government Grants</u>								
Department of Housing	50 634	-	50 634	637 109	-	707 311	-	(19 569)
Health Grant	203 951	-	203 951	-	-	845 806	-	(641 855)
Library Grant	2 293 007	-	2 293 007	497 000	-	420 999	348 250	2 020 757
EPWP	-	-	-	1 000 000	-	1 338 947	-	(338 947)
Total Provincial Government Grants	2 547 592	-	2 547 592	2 134 109		3 313 064	348 250	1 020 386
<u>Public Contributions</u>								
Kolomela - E Learning (Library)	-	-	-	1 200 000	-	-	-	1 200 000
Assmang/Kumba Sewer	-	-	-	49 577	-	-	-	49 577
Assmang/Kumba SLP	-	-	-	2 808 932	-	-	2 805 994	2 937
Tsasamba/Kumba	2 557 843	-	2 557 843	3 684 911	-	522 227	4 133 269	1 587 258
Kolomela (R Beneke)	616 512	-	616 512	822 016	-	823 320	-	615 208
Total Public Contributions	3 174 356	-	3 174 356	8 565 435	-	1 345 547	6 939 263	3 454 981
<u>Other Grant Providers</u>								
Lotto Project	26 008	-	26 008	-	-	-	-	26 008
Total Other Grant Providers	26 008	-	26 008	-	-	-	-	26 008
Total	18 932 368	-	18 932 368	50 759 544	-	33 599 696	17 604 281	18 487 935